



GRADUATE,  
REALTOR®  
INSTITUTE

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***GRI 403***

***Working More Effectively***  
*with Buyers*

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**TREEF**  
TENNESSEE  
REAL ESTATE  
EDUCATION  
FOUNDATION



**TREEF**

T E N N E S S E E  
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## Course Introduction

This one-day course will cover the full range of know-how needed to serve buyers more productively and effectively, such as: working with new buyers, counseling them effectively, handling and negotiating offers to purchase, helping buyers secure financing, and getting them through the home inspection, repairs, and settlement procedures.

## GRI 403 Learning Objectives

Upon completion of this course, participants will be able to:

1. Give examples of the services buyers expect and value from their agents, according to NAR research.
2. Recognize how to apply target marketing principles to your identification of buyer-client prospects.
3. Explain buyer agency and types of representation possible under TN law.
4. Recognize effective ways to counsel buyers and the consequences of giving advice without evidence.
5. Resolve problem situations – encountered when working with and/or representing buyers – more effectively..



## **Course Content**

- |               |   |
|---------------|---|
| <b>Part 1</b> | <b>Reaching Today's Buyers</b>                |
| <b>Part 2</b> | <b>Understanding Buyer's Responsibilities</b> |
| <b>Part 3</b> | <b>Working With and Representing Buyers</b>   |
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## Part 1: Reaching Today's Buyers

### *Who are today's consumers?*

According to NAR's **2016 Profile of Home Buyers and Sellers**:

- At 35 percent, buyers 35 years and younger continue to be the largest generational group of home buyers with a median age of 30 years old.
- Sixty-seven percent of buyers 35 years and younger were first-time buyers, followed by buyers 36 to 50 years at 26 percent.
- The most common type of home purchased continues to be the detached single-family home, which made up 83 percent of all homes purchased.
- Eighty-nine percent of Millennials, 87 percent of Gen X buyers, and 85 percent of Younger Boomers purchased their home through an agent.
- First-time buyers made up 32 percent of all home buyers, down from 33 percent last year. Sixty-seven percent of buyers 35 years and younger were first-time buyers, followed by buyers 36 to 50 years at 26 percent
- Home prices increased slightly this year to a median of \$220,000 among all buyers. The most expensive homes were purchased at a median of \$263,200 by buyers 36 to 50 years; the least expensive were purchased at a median of \$187,400 by buyers 35 years and younger
- The typical home that was recently purchased was 1,900 square feet, had three bedrooms and two bathrooms, and was built in 1991. The size of homes for buyers 36 to 50 years was typically larger homes at 2,200 square feet, compared to buyers 35 years and younger that purchased homes at a median of 1,720. For buyers 35 years and younger, the median home was built in 1984; for ages 51 years to 69 the median was 1995

### **Today's Internet-Savvy Culture**

Unarguably, the single biggest influence on today's consumer culture is the Internet and technology. It has changed the way we do business, find information and interact with one another.

In more recent years, changes have focused on making access to the internet easier and more mobile. What we could once do from a desktop computer we now do from a laptop, mini-computer or smart phone. Consumers have been the driving force behind these advances; they demand user-friendly, mobile technology to make every task easier and more efficient – including finding a REALTOR®, searching for a home to purchase, or listing a home for sale.

The growth of the Internet has provided consumers with greater access to the marketplace than ever before. You could even argue that the term *consumer* is outdated – we've moved far beyond simply consuming to being active participants in the development of the new marketplace. And service industries such as real estate have perhaps felt this shift more pronouncedly than others.

## So, what do these changes mean for you when it comes to reaching out to consumers?

- **Consumers demand more.** Greater access and influence in the new marketplace has resulted in higher expectations of consumers when it comes to choosing products and services.
- **Consumers are more tech-savvy.** To provide a higher level of service, you should know more and be able to do more; clients don't want to pay you for services (like searching online for homes) they can do themselves.
- **Consumers have more influence than ever before within their own social circles.** The growth of online social networks and other tech-based communication tools means consumers are in more frequent contact with the people they know.

## Where buyer found the home they purchased:

- Internet: 44%
- Real estate agent: 33%
- Yard sign/open house sign: 9%
- Friend, relative or neighbor: 6%
- Home builder or their agent: 6%
- Directly from sellers/Knew the sellers: 2%
- Print newspaper advertisement: 1%

*Source: 2016 National Association of REALTORS® Profile of Home Buyers and Sellers*

## What is a Multiple Listing Service MLS?

The MLS is a tool to help listing brokers find cooperative brokers working with buyers to help sell their clients' homes. Without the collaborative incentive of the existing MLS, brokers would create their own separate systems of cooperation, fragmenting rather than consolidating property information.

MLSs are a powerful force for competition. They level the playing field so that the smallest brokerage in town can compete with the biggest multi-state firm. Buyers and sellers can work with the professional of their choice, confident that they have access to the largest pool of properties for sale in the marketplace.

Real estate information on the Internet is readily available. Consumers can access and view all publicly available listing information on the Web site of their broker of choice.

MLSs are private databases that are created, maintained and paid for by real estate professionals to help their clients buy and sell property. In most cases, access to information from MLS listings is provided to the public free-of-charge by participating brokers. Data that is



not publicly accessible includes information that would endanger sellers' privacy or safety, such as seller contact information and times the home is vacant for showings.

### **What is Realtor.com?**

Move, Inc., operates the realtor.com® website and mobile experiences, which provide buyers, sellers and renters of homes with the information, tools and professional expertise they need to discover and create their perfect home.

### **What is Zillow and a Zestimate®?**

Zillow launched in 2006 Zillow and is a living database of more than 110 million U.S. homes - including homes for sale, homes for rent and homes not currently on the market, as well as Zestimate home values, Rent Zestimates and other home-related information

Zillow's estimated market value, computed using a proprietary formula. It is not an appraisal. It is a starting point in determining a home's value. The Zestimate is calculated from public and user submitted data; your real estate agent or appraiser physically inspects the home and takes special features, location, and market conditions into account.

### **What is RPR?**

RPR was created by NAR for the sole purpose of providing REALTORS® with the comprehensive data, powerful analytics, and client-friendly reports for each of NAR's constituencies to meet the demands of clients.

## **Reaching Consumers in a Target Market**

### **Why is it important to identify a target market?**

Different segments of consumers have different needs and concerns when it comes to the decision to buy or sell a home. By identifying a target market, you can concentrate your marketing efforts on providing information and services most relevant to those consumers.

It's important to note that the recent changes in the economy have had a significant impact on the characteristics and concerns of virtually every target market. The impact of the economic downturn has been much greater in some areas than in others. You should always be mindful of the current economic conditions in your local market and consider how these conditions affect your target consumers.

### **Examples of Target Markets**

Segmentation of target markets often varies depending on the type of area in which you practice. For example, larger metropolitan areas are generally more prone to sprawl, which has resulted in more practitioners who specialize in a specific area of town; in areas with a higher concentration of retirees, you might find more practitioners targeting seniors.

Regardless of location, certain target markets are fairly constant. Examples include:

- First-time buyers
- Investors/rental properties
- New construction home sales
- Vacant land sales
- Seniors
- Luxury/high-end properties

## Types of Target Markets

**Geographic:** i.e., the practice of geographic farming, targeting a certain area or neighborhood and building expertise based on specializing in a certain location. *Example:* Targeting a developing area of town by familiarizing yourself with the subdivisions, school district, expansion plans, developments, etc. can help you build expertise for potential buyers.

**Demographic:** targeting a certain segment of the population, whether age, gender, ethnic origin, etc. *Example:* Employing certain marketing techniques (i.e. blood pressure checks, identity theft education) that appeal specifically to seniors.

**Psychographic:** targeting a certain behavior or lifestyle. *Example:* The growing trend in energy-saving features has created a target market of buyers and sellers of “green” homes.

Demographics explain “who” your buyer is, while **psychographics** explain “why” they buy.

### Examples of specific concerns and consideration for target markets:

- **First-time buyers:** first-time buyers are generally unfamiliar with the buying process. They may require detailed information and guidance on the terms contained in an offer, the steps in obtaining financing, the inspection process and what to expect at closing. New incentives exist for first-time buyers; the terms of these incentives can be confusing, so buyers may need guidance on how to qualify. It’s a good idea to familiarize first-time buyers with the variety of incentives available for different types of loans so they’ll be prepared when they meet with a lender.
- **Vacation home buyers:** buyers of vacation properties have different concerns than buyers of properties which serve as a primary residence. They may be more interested in information regarding area amenities, access to outdoor activities and the local rental market.

# Buyer Cheat Sheet for a Seller's Market

DAILY REAL ESTATE NEWS | FRIDAY, APRIL 08, 2016

In a seller's market, home buyers need to be willing and able to act fast to snag the home they want. This spring, areas across the country are facing a limited number of homes for sale. Realtor.com® offers up a cheat sheet for surviving a seller's market.

- **Be on call.** "If you're only looking now and then when it's convenient, you're probably wasting your time," says James Malmberg, a real estate professional in Sherman Oaks, Calif. He suggests treating house hunting like job hunting. If someone calls with a lead, follow up promptly to gauge whether it could be a good fit and don't linger.
- **Bring the paperwork.** To be taken seriously, buyers would be wise to get a mortgage pre-approval letter as well as a "proof of funds" form from their bank to show they have enough to cover a down payment. They'll be able to act quicker when they do find the right house.
- **Limit the contingencies.** In a seller's market, buyers may need to drop some of the contingencies to score the house. Sellers prefer the fewest number of hurdles to closing as possible. If your buyers come in with several contingencies — such as "if" they secure financing — the sellers are more inclined to bypass their offer and take another with less hassle. Also, "don't waste your time lowballing a seller," advises Sean Kelley, a real estate professional with Howard Hannah in Pittsburgh, Pa. "Always put in an aggressive offer."
- **Cast a wide net.** Search for homes outside prime locations if faced with limited or high-priced choices. Buyers need to carefully consider what they're willing to compromise on. "Sometimes properties sit, even in a seller's market, because of a problem that is scaring other buyers away," such as some renovation work that may need to be done, Malmberg says. Those "flaws," however, might not be a big deal to your buyers. "Finding a house this way can also cut down on the amount of competition you will face," Malmberg adds. *Source: "Surviving a Seller's Market: The Ultimate Cheat Sheet," realtor.com® (April 7, 2016)*

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## **The Generations Defined**

### **The Millennial Generation**

Born: 1981 to 1997

Age of adults in 2015: 18 to 34\*

### **Generation X**

Born: 1965 to 1980

Age in 2015: 35 to 50

### **The Baby Boom Generation**

Born: 1946 to 1964

Age in 2015: 51 to 69

### **The Silent Generation**

Born: 1928 to 1945

Age in 2015: 70 to 87

### **The Greatest Generation**

Born: Before 1928

Age in 2015: 88 to 100

\* No chronological end point has been set for this group. For the purpose of following a cleanly defined group, Millennials are defined as those ages 18 to 34 in 2015.

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## Working with Generational Segments

| Generation   | Characteristics and Communication Styles:  | Preferences:  | Expectations:  |
|--|--|---|--|
| <b>Matures Veterans/Silent Generation</b> (born 1925-1945) | <ul style="list-style-type: none"> <li>• Emotion- driven</li> <li>• Sometimes slow to make decisions</li> <li>• Frugal</li> <li>• Wary of being taken advantage of</li> <li>• Use eye contact</li> <li>• May speak “carefully,” thinking things through before responding</li> <li>• Enjoy face- to-face communication</li> </ul>  | <ul style="list-style-type: none"> <li>• Access to community amenities, i.e. shopping, medical services</li> <li>• Features that allow for independent living</li> <li>• May wish to stay in the same area</li> </ul>   | <ul style="list-style-type: none"> <li>• Respect</li> <li>• Honesty, integrity</li> <li>• Personal attention</li> <li>• Relationship-building</li> </ul> |
| <b>Baby Boomers</b> (born 1946-1964)                       | <ul style="list-style-type: none"> <li>• “It’s all about me”</li> <li>• Willing to take time to make decisions</li> <li>• Traditionally big spenders, many boomers have taken a significant hit to their retirement investments and may be less likely to spend.</li> <li>• May fail to articulate specific expectations</li> <li>• May be supporting children <i>and</i> aging parents</li> <li>• Internet-savvy</li> <li>• May speak more “formally,” traditional as opposed to “casual” communicators. Generally not multi-taskers, will focus on conversation</li> </ul> | <ul style="list-style-type: none"> <li>• Luxury features, upgrades</li> <li>• Brands that convey status</li> <li>• Larger homes</li> <li>• Affluent neighborhoods</li> <li>• Access to activities</li> <li>• Second homes, vacation homes</li> <li>• Homes suited for entertaining</li> </ul> | <ul style="list-style-type: none"> <li>• Quality</li> <li>• Expertise</li> <li>• Attention to detail</li> <li>• Quick response</li> </ul>                |

|   |   |  |  |
|---|---|--|--|
| <b>Gen X</b> (born 1965-1980)             | <ul style="list-style-type: none"> <li>• Entrepreneurial</li> <li>• Internet- savvy</li> <li>• Well- researched</li> <li>• Quick-deciders</li> <li>• Influenced by friends and family</li> <li>• Casual communicators, interested in the “bottom line”</li> <li>• Multi-taskers, may be less focused on conversation</li> <li>• Communicate primarily by email, some phone, some text messaging</li> </ul>                                      | <ul style="list-style-type: none"> <li>• Close-knit communities</li> <li>• Open floor plans</li> <li>• Large kitchens</li> <li>• Family homes</li> <li>• Practical, usable space</li> <li>• Pre-wired homes</li> <li>• “Green” features</li> </ul> | <ul style="list-style-type: none"> <li>• Immediate response</li> <li>• Advanced negotiation skills</li> <li>• Expertise</li> <li>• Well-informed</li> </ul>                        |
| <b>Millennials Gen Y</b> (born 1981-1999) | <ul style="list-style-type: none"> <li>• Always “connected”</li> <li>• Skeptical of traditional marketing</li> <li>• Less loyal</li> <li>• Most are first-time buyers</li> <li>• Social network users</li> <li>• Extreme multi-taskers, “instant” communicators</li> <li>• Rely heavily on text and web messaging</li> <li>• May juggle different means of communication simultaneously</li> <li>• Rarely need face-to-face meetings</li> </ul> | <ul style="list-style-type: none"> <li>• Resist “cookie-cutter” homes</li> <li>• Unique features</li> <li>• Diverse communities</li> <li>• Proximity to entertainment, social hubs</li> <li>• Renovations, luxury features</li> </ul>              | <ul style="list-style-type: none"> <li>• Immediate response</li> <li>• Non- traditional means of finding properties <i>and</i> agents</li> <li>• Quick transaction time</li> </ul> |

## Part 2: Understanding Buyer's Responsibilities

### Agency Definitions

**Broker** – the term “Broker” shall mean a licensed Tennessee real estate broker or brokerage firm and where the context would indicate, the Broker’s affiliated licensees, including but not limited to the Designated Agent.

**Designated Agent for the Buyer** – the individual licensee that has been assigned by the Managing Broker and is working as an agent for the Buyer in this consumer’s prospective transaction, to the exclusion of all other licensees in his/her company. Even if someone else in the licensee’s company represents a Seller of a prospective property, the Designated Agent for the Buyer will continue to work as an advocate for the best interests of the Buyer. An Agency relationship, by law, can only be established by a written agency relationship.

**Facilitator/Transaction Broker (not an agent for either party)** – The licensee is not working as an agent for either party in this consumer’s prospective transaction. A Facilitator may advise either or both of the parties to a transaction but cannot be considered a representative or advocate of either party. By law, any licensee or company who has not entered into a written agency agreement with either party in the transaction is considered a Facilitator or Transaction Broker until such time as an agency agreement is established.

### Buyer Representation Agreements

In order to establish an agency relationship – one that makes your buyer-*customer* a buyer-*client* – you’ll need a signed agency agreement. This is NOT the same thing as an agency disclosure. The agency agreement establishes a legal agency relationship between you and your client.

When should you execute a buyer agency agreement? As soon as possible. It’s always a good idea to execute the agency agreement before showing properties if at all possible. This way, you can comfortably refer to the buyers as your clients when contacting listing agents and avoid confusion and any potential conflicts of interest.

What is your company’s policy on buyer’s agency?

You should provide all new buyers with a summary of how agency works in Tennessee. TAR has developed a brochure for distribution to consumers explaining the ins and outs of agency relationships in Tennessee.

For buyers: *See Appendix*

For sellers: *See Appendix*

Note: For REALTORS®, a full, easy-to-read explanation of agency relationships and how they are governed under Tennessee law can be found in the Appendix.

## **Your Role as a Buyer's Agent**

When asking a buyer to sign an agency agreement with you, you may encounter objections if you haven't fully explained your role as a buyer's agent and the benefits you offer. Because buyers can now search the MLS for homes using the Internet, they may perceive less value in the services you offer; part of "courting" buyers is to make them aware of ALL the benefits you offer beyond simply locating properties.

## **Property Issues**

It's unlikely the average buyer knows how to research property issues beyond what is advertised in the MLS. You can find detailed information on permits and zoning, in addition to locating qualified inspectors to investigate potential property defects which may not be apparent.

## **Pricing**

Because you have access to recent comps and experience pricing properties, you can determine whether or not a property is priced fairly. Also, you can make recommendations on when to offer less than the asking price – and when a property is priced under market value.

## **Neighborhood Information**

Because of your experience and familiarity with various neighborhoods, you can offer advice on whether a certain neighborhood is becoming more or less desirable. You can also advise buyer clients on the impact of any planned changes affecting the neighborhood, such as new shopping center or highway construction.

## **Negotiation**

Most buyers recognize that REALTORS® are better equipped to negotiate a fair purchase price, due to their experience and knowledge of the market. Also, REALTORS® can often negotiate more favorable terms for buyers beyond price, including terms buyers might not realize are negotiable.

## **Forms**

REALTORS® offer extensive experience executing complicated forms and contracts associated with a given transaction. You can explain the implications of anything the buyer is asked to sign – before they sign it. In cases where a buyer has specific concerns, needing to sell a current home, you can help them execute the appropriate addenda to ensure their interests are protected.

## **Problems with a Transaction**

Any number of problems can arise before, during or after a given transaction. You can help buyers navigate problems if they arise, including property defects discovered, title issues, financing, earnest money disputes, etc.



*How do you share this information with buyers?*

### **In Person**

Any information you share with buyers will have more impact when shared in person.

### **Written Marketing Materials**

It's a good idea to provide buyers with a written run-down of the services you provide. This can be especially helpful with visually-oriented consumers. You can create a simple one-page document or brochure, outlining the benefits of hiring you if your company doesn't already provide one.

### **Your Website**

Your website is an ideal place to provide information to buyers, including the benefits of hiring you. Beyond simply posting marketing pieces, you can provide helpful resources for buyers including information on the purchase process, questions to ask a lender, and area information and resources.

### **Your Blog**

Short blog posts are a great way to share information about your services. Consumers are especially attracted to lists, so it can increase readership if you frame the information you provide in a list, i.e. "Top 5 Questions to Ask Your Lender" or "10 Qualities to Look For in a REALTOR®."

### **Video Clips**

Using short video clips on your website is a great way to personalize information.

Great example online: <https://www.youtube.com/user/leighbrownremax>



## **Part 3: Working With and Representing Buyers**

### **Today's Buyers**

The most effective way to serve buyers in your local market is to familiarize yourself with the factors that most significantly influence their behavior. Like most of us, buyers are generally most concerned with factors that have a personal impact on daily life. In real estate, prospective buyers are most heavily influenced by market conditions they perceive as favorable to their position.

The real estate market is cyclical in nature; conditions can change rapidly due to local market activity, interest rate movement, unemployment rates, property values and a variety of local and national economic factors. To achieve long-term success, you must develop a strategy to provide benefits to buyers in any market regardless of the market conditions.

### ***Top Concerns: Today's Buyers***

Today's buyers have a number of concerns when it comes to making the decision to purchase a home. Buyers are faced with more choices. With tightening requirements for financing, the process of qualifying is more complicated than in previous years. Many buyers are still uncertain whether it's the right time to buy.

### **What are the top concerns of today's buyers?**

#### **Financing**

Many buyers are uncertain whether they can qualify under the stricter requirements of most lenders. However, a number of programs and incentives are in place for buyers, especially first-time buyers.

#### **Timing**

Buyers in some markets are staying on the fence, waiting to see if prices will drop further. However, market forecasts are not predicting any significant further reduction in prices. In fact, some markets are beginning to see an increase in sales, the first sign of recovery and inventory reduction.

#### **Choices**

Buyers have more choices, due to increased inventory in most markets. Foreclosures and short sales have offered new opportunities for qualified buyers, although these transactions can be slower and more complicated than traditional purchases.

#### **Existing Homes**

Buyers who are seeking to take advantage of low prices to purchase larger homes face uncertainty in selling existing homes. This is especially true for buyers relocating from distressed markets where sales remain flat.

#### **Job Market**

Even financially secure buyers face uncertainty in the job market. It's a good idea for all buyers to have a six- to nine-month emergency fund established before purchasing a home so they'll be able to continue making payments if they lose their job.

## Addressing Concerns for Today's Buyers

Given the concerns of today's buyers, what type of information can you offer to help buyers decide whether it's the right time to purchase?

- **Financing Programs Available**

Provide buyers with information on what types of programs and tax incentives are available to assist them in purchasing a home. It's a good idea to develop a relationship with an area lender who can keep you informed about requirements for financing programs.

- **Area Pricing and Inventory**

You can share information about area pricing and inventory to help buyers stay informed of changes in the local market. Helping buyers identify trends in the local market can help them determine the best time to buy.

- **Benefits of Homeownership**

In any market, there are significant benefits to homeownership. You should always include information on tax advantages and other benefits of homeownership as part of your marketing efforts.

- **Interest Rate Movement**

Buyers should be aware of movement in interest rates. When interest rates are on the rise, it may be a good time for buyers to lock in a fixed-rate mortgage.

## Marketing in the Cyclical Market

| Market   | Signs  | Buyer Concerns   | Benefit Marketing   |
|--|--|--|---|
| <b>Growing Market,<br/>Sellers' Market,<br/>Expanding Market</b>     | <ul style="list-style-type: none"> <li>• Low inventory</li> <li>• Increased construction</li> <li>• Absence of offered incentives</li> <li>• Increasing prices</li> <li>• Above-Average appreciation rates</li> <li>• Rising interest rates</li> <li>• New job creation</li> <li>• Rising rents</li> </ul> | <ul style="list-style-type: none"> <li>• "Losing" a property</li> <li>• Hitting a certain price point</li> <li>• Obtaining financing</li> <li>• Multiple offer situations</li> </ul>   | <i>Examples:</i> <ul style="list-style-type: none"> <li>• Negotiation skills</li> <li>• Market knowledge</li> <li>• Access to fresh listings</li> <li>• Possible knowledge of properties not yet listed</li> </ul>                    |
| <b>Slowing Market,<br/>Buyers' Market,<br/>Contracting Market</b>    | <ul style="list-style-type: none"> <li>• High inventory</li> <li>• Slowdown of new construction</li> <li>• Offered incentives for buyers</li> <li>• Decreasing prices</li> <li>• Decreasing interest rates</li> <li>• Company downsizing</li> <li>• Lower rents</li> </ul>                                 | <ul style="list-style-type: none"> <li>• Taking advantage of incentives</li> <li>• Getting the lowest price</li> <li>• Getting the best interest rate</li> <li>• Property condition</li> <li>• Appreciation and/or condition of neighboring homes</li> </ul> | <i>Examples:</i> <ul style="list-style-type: none"> <li>• Negotiation skills</li> <li>• Market knowledge</li> <li>• Affiliations with related service providers</li> <li>• Contract expertise</li> </ul>                              |
| <b>Transitional Market,<br/>Stagnant Market,<br/>Leveling Market</b> | <ul style="list-style-type: none"> <li>• Modest inventory movement</li> <li>• Low to modest appreciation</li> <li>• Low new job creation</li> <li>• Low interest rate fluctuation OR a brief period of interest rate adjustment</li> </ul>   | <ul style="list-style-type: none"> <li>• Finding the right time to buy</li> <li>• Investment strategies</li> <li>• Maximizing their buying dollars</li> <li>• Immediate market forecasts</li> </ul>  | <ul style="list-style-type: none"> <li>• Overall market knowledge and experience</li> <li>• Finding the "hot" deals</li> <li>• Identifying appreciating or growing areas</li> <li>• Negotiating incentives and concessions</li> </ul> |

## The Influence of the Internet on Today's Buyers

*"People used to find houses through us, now people find us through houses."*

~Allan Dalton, former President of Realtor.com

According to the 2012 Profile of Home Buyers and Sellers:

- For 41 percent of home buyers, the first step in the home-buying process was looking online for properties, and 11 percent of home buyers first looked online for information about the home buying process.
- The use of the Internet in the home search rose slightly to 90 percent, and for buyers under the age of 44 this share increased to 96 percent.

One significant factor influencing buyer expectations is the **response time of agents**. According to an article on Inman News (citing information gathered from the California Association of REALTORS®):

- **67%** of Internet buyers selected their agent because he/she was the first to respond to their inquiry or was the most responsive.
- **86%** of Internet buyers said the agent's response time was either "extremely important" or "very important" when they decided which agent to use.
- **23%** of Internet buyers expected their agent to respond instantly (compared with 0 percent expectation of traditional buyers). Forty-four percent of Internet buyers expect an agent to respond in 30 minutes (compared with 3 percent expectation of traditional buyers). Sixty-seven percent of Internet buyers expected their agent to respond within four hours. [Source: <http://www.inman.com/opinion/guest-perspective/2007/02/3/change-coming-in-online-real-estate-leads>]

### Qualifying Buyers

Your initial meetings with prospective buyers should be used to questions which reveal the buyer's motivation, urgency and ability to buy.

You can prepare to counsel buyers by researching data and information in your local market. Being aware of current buyer statistics can help you meet the challenges of today's market. Examples of statistics you should review monthly include:

- Length of time buyers look
- Length of time to obtain financing
- Length of time to make a decision
- Local interest rate movement
- Local inventory: how many homes on the market? Average sale price? Average number of days on the market?

Good sources for this information are your company (depending on its size), your local and state

REALTOR® associations, area MLS and local lenders. Regional statistics are available through NAR's website, [www.realtor.org](http://www.realtor.org).

Being able to interpret this data can help you *prepare prospective buyers for what to expect*. For example, when homes are sitting on the market more than 60-90 days, buyers have more leverage in negotiating price and terms.

Knowing how to present this information to prospective buyers is an important skill. **Concentrate on the positive** – what advantages exist for buyers in the local market? By presenting the existing data in a positive way, you can help buyers recognize available benefits while also allowing them to *set realistic expectations*.

The more experience you have, the more effectively you'll be able to present information to prospective buyers. For each point you discuss with buyers, include a benefit you offer to add value to that aspect of the purchase process.

### Buyer CMAs

Using a comparable market analysis (CMA) is standard practice when listing a property. However, CMAs play an important role in preparing buyers for the property selection process as well. **A properly prepared CMA can:**

- Aid buyers in setting realistic expectations
- Educate buyers on current market trends – not what sold two years ago at that price but *what sold last month*
- Add value – you have access to up-to-date information the buyer does not
- Clarify expectations – seeing the data for themselves may prompt buyers to re-evaluate their priorities

### Previewing Properties

A significant benefit you offer is your ability to preview properties. Not only is it a good way for you to stay on top of the local inventory, you can also qualify and disqualify properties before spending your client's valuable time. When previewing properties, the following are important things to look for:

- Obvious damage to the property
- Neglected property condition/landscaping
- Outdated interior features
- Cosmetic issues
- "Extra" upgrades, luxury features not advertised (make sure to verify they'll remain with the property)
- Significantly over- or underpriced properties
- Neighborhood conditions – high- or low-demand areas

Virtual tours and video tours now allow you to preview properties *with* your prospective buyers. Take advantage of this opportunity whenever possible; viewing videos and still photos online beforehand can save time and give you a chance to gauge the buyer's reaction to property features and characteristics.

## Summary

The key to selecting properties is to stick to the wants and needs of the buyer as established in the counseling session. Be thorough in checking traditional as well as alternative sources. For every property selected, ask yourself:

- Does this property have the basic necessities my buyer is looking for?
- Is the property in my buyer's price range?
- Are there any major drawbacks (i.e. needed repairs) to consider?
- Does this property offer any of the additional features my buyer discussed?
- Does this property seem to offer the "lifestyle benefits" my buyer described?



## Summary Discussion

***How does the Internet shape buyer perceptions of local market conditions? And how do YOU respond to these concerns?***

- ***Can you give some examples of how the Internet influences buyer behavior?***
- ***In what situations would you use a Buyer CMA?***
- ***In what situations would you NOT use a Buyer CMA?***
- ***What type of information would you include for a 30-year-old first-time homebuyer?***
- ***How would you describe local market conditions for your specific area to interested buyers?***



## Part 4: Case Studies

### *Problem Situations*

#### **Case Study 1: FSBO**

Your client wants to look at a FSBO. You call to see if they will “co-op”. The seller says they will only pay ½%. What are your options? What are your options if you have an Exclusive Buyers Agency? What are your options if you have a Non-exclusive Agency Agreement?

#### **Case Study 2: Flooding**

Mitch Bradley took over his father’s building company when he retired. He’d been in the business all his life, even remembered his dad holding his 4-year-old hand as he drove in his first nail. Mitch prided himself on always being thorough and never missing the details.

Diego and Alicia Ramirez were ready to start a family. Diego was a pediatrician who had just finished his residency and was setting up a group practice with two other doctors in the area. The practice was located across town from where Diego and Alicia lived, so they decided to look for a house closer to his new office. They called Sharon Getz, who they found on the Web, to represent them.

Sharon showed the Romirezes numerous houses over the next few weeks. Knowing how hard it would be to move again after they had kids, they wanted to take the time to find the perfect house. Sharon didn’t mind spending time with the couple; Diego was a character, always ready with a joke and Alicia was soft-spoken and kind, sometimes reminding Sharon of her mother. They began to develop a friendship as they searched for a house.

About a month into looking, Sharon showed the couple a newly constructed home, built by Mitch’s company. It was beautiful, complete with a picket fence and four spacious bedrooms. The neighborhood was picture-perfect, with tricycles and basketball goals dotting the yards. There was even a small creek that ran along the back property line of the house.

Diego told Sharon they wanted to make an offer. Coming in just \$1,000 below the list price, Mitch accepted right away. The closing date was set for 30 days later. Diego and Alicia were excited and began to shop for furniture the next day.

Sharon explained to the couple that because Mitch was a builder who had never actually lived in the house, he was exempt from filling out a Tennessee Residential Property Condition Disclosure. She warned Diego and Alicia to inspect the property carefully for anything that might be problematic before closing.

They made several walk-throughs but didn’t see anything worrisome.

Before closing, Diego asked Sharon about the small creek in the back. He wanted to know if there had been a problem with flooding. Sharon checked into flood insurance and confirmed that the property wasn't in a FEMA recognized flood zone.

The closing went smoothly and a week later, Diego and Alicia were all moved in. Three days after they moved in, the little creek in the back flooded. The water came all the way up to their rear deck. The couple was furious.

When Diego got Sharon on the phone, all thoughts of friendship were forgotten. He was very angry, demanding to know why Sharon hadn't been more thorough in checking into the possibility of flooding. He yelled at Sharon that he never would've bought the house if he'd known there was a water problem.

***What would you do as the agent in Case Study 1?***

***How would you characterize the positions of the various parties if the Buyer sues?***

***As an agent for the buyer, what do you do before closing to ensure that your client is protected in the event of an unforeseeable problem occurring after closing?***

### **Case Study 3: Disclosure**

As a REALTOR®, you make representations every day. Not only do you make representations about who you are, what you do, and what you know; you also make representations about the properties you list and those you show. How important are the representations you make?

When you advertise, how careful are you in the words you choose? Are you liable for the representations you make in advertisements? You should have a clear understanding of what you're protected against. How familiar are you with your Errors and Omissions policy? What exactly is covered and what isn't?

Once a TRPCD form is signed by a prospective buyer, is there any recourse for a problem disclosed in the form if a repair isn't requested at the time of purchase? By signing/initialing the form, have they taken responsibility for solving any existing problems?

Think about how you advise your clients about the various forms they must review. How carefully do you think buyers read these forms? What are your responsibilities as they relate to a buyer's awareness of problems disclosed in the paperwork?

Consider these issues as you read the following case study.

### **Case Study 4: Commission**

Lisa has been a great real estate agent for years. She was proud that her clients consistently referred additional clients to her. Jim and Judy were referred to her by another client. They are looking for a very specific type of home.

After looking for a couple of days, Lisa realizes that what they are looking for may be Lisa's own personal house (which she is getting ready to put on the market- but has not done so just yet).

Lisa explains all this and shares with them. The couples is excited to see the house. Lisa quotes a price based on the house not being on the market and they love it.

They go to their jobs the next day telling all their co-workers about this fabulous house and how it came about. The co-workers are excited for them. One of the co-workers says they have a friend in real estate and Jim and Judy should call their agent so they can be represented by another agent in the transaction.

Jim and Judy call Lisa the next day and let her know they want the house and that their agent is going to be sending an offer to her on their behalf.

What to do? What happens with the commission?

## Case Study 5: A Plumbing 4 Disaster

When Stan Cohen bought the house on Hollowneck Road, his mother tried to talk him out of it. She'd watched him take on projects before that ended up being more than he could handle. He insisted, though, that he was fully capable of making all the repairs the house needed. He had been in construction all his adult life, he pointed out.

Stan's mother, Miranda Sparks, was less confident. She had no doubt that the house, fully renovated, would bring a pretty penny. She'd been a REALTOR® for 11 years and she knew the area was hot. She just didn't like the idea of Stan investing his whole savings in the house. She constantly reminded him that anything could go wrong and he could lose it all.

Six months after Stan bought the house, he called his mother to list it for sale. He'd been living in the house while doing the work and he told Miranda everything was in tip-top condition. The only downside, he said, was that the work ended up being so much more expensive than he thought. To begin with, the price of materials had gone up. Also, once he got started, he kept finding more things that needed to be repaired.

After six months, Stan's savings had dried up and he was ready to unload the house. Miranda, wanting to get as much as possible for him after all his hard work, had flyers printed up advertising the renovations and the new plumbing he'd installed.

Evelyn and Tony Corday were recently married. Tony's job required him to travel extensively, so Evelyn took charge of finding them a new house. She contacted Sharon and signed an Exclusive Buyer Representation Agreement with her.

Sharon showed Evelyn several houses over the following week. Evelyn was anticipating a visit from her relatives in less than two months and wanted to be moved into a new house when they came. She happened to spot one of Miranda's flyers and asked Sharon to show her the house on Hollowneck Road.

After seeing the house, Evelyn and Sharon discussed the offer, with Tony on speakerphone. Stan accepted the offer as soon as Miranda presented it and a closing date was set. Evelyn immediately started making arrangements for the move and buying things for the new house.

Shortly after closing on the house, the basement flooded. Tony told Evelyn to call the warranty company and have them send out a plumber. When the plumber arrived, he told her that the plumbing wasn't properly installed and it didn't meet the requirements of the building code. He also told her it was obvious the basement had flooded before. The warranty company wouldn't pay for a pre-existing condition.

Evelyn was furious. She immediately contacted Sharon. As it turned out, Sharon had forgotten to get a copy of the Tennessee Residential Property Condition Disclosure form. Nevertheless, the form didn't reveal the flooding problem.

***If you were Sharon, what would you have done differently? What advice would you give Stan, if you were Miranda?***

***Do you follow any guidelines for your advertising?***

***What advice would you offer new Realtors® on advertising?***

***Also, how do you stay organized in a rushed transaction like Sharon's?***





## **Appendix**





## When **BUYING** Your Next Home...

### A Consumer Guide to Agency Law in Tennessee



The knowledge and help of a REALTOR® can make all the difference! You should also understand what's involved in having a REALTOR® represent you as your own **agent**. It's your choice.

In Tennessee, a REALTOR® does not become your representative or agent until you have signed a **Buyer Representation Agreement** with that REALTOR® – an actual contract for representation – spelling out how you will work together.

In the course of a transaction, you may sign other forms such as an agency disclosure or a confirmation of agency status. However, until you have signed a Buyer Representation Agreement, you don't have an agent.

Once you have signed a Buyer Representation Agreement, this contract obligates your agent to be your loyal advocate and to promote your best interests above all others in the negotiation and closing of a successful purchase.



### Until You Sign an Agency Agreement...

If the REALTOR® assisting you doesn't represent the seller, then this REALTOR® is a **Facilitator**. By definition, a Facilitator doesn't represent you or the seller. A REALTOR® cannot be the Seller's Agent and also be a Facilitator for you at the same time.

On the other hand, if a REALTOR® *does* represent the seller, he or she may still help you through the transaction. The REALTOR® will deal with you honestly, in good faith, and will disclose adverse facts of which he or she has actual knowledge. But remember that the duty of the REALTOR® is to be loyal to and promote the interests of the seller, sharing any and all information that you might divulge with the seller.



### What Is a "Designated Agent"?

Some firms use **Designated Agency** for buyers and sellers as their company policy. Designated Agency means that the REALTOR® representing you is the only one in his or her office – your Designated Agent – who has an agency relationship with you. The use of Designated Agency allows your REALTOR® to continue to represent you and your interests, even if he or she shows you property listed by someone else in the same office or negotiates the purchase of such a property on your behalf.

Many companies have adopted the use of Designated Agency for all clients in all transactions. Other companies use it only on an as-needed basis. In either case, your Designated Agent will remain your loyal advocate and keep your information confidential – even from other licensees in the office of this REALTOR®.



## When Designated Agency is NOT used...

When Designated Agency is not used, all of the licensees in an office technically become your agents. You could encounter a situation where the office representing you also represents the seller. If this happens, the REALTORS® in that office must – with your permission – change their agency status.

In this situation, the office could terminate their agency representation of *both you and the seller* and act as Facilitators from that point forward. Or you could allow the office to represent both you and the seller in your purchase, to a limited degree. This is called **Disclosed Dual Agency**. As Facilitators or Disclosed Dual Agents, REALTORS® can assist both you and the seller but cannot promote one party's interests over the other's or share either party's confidential information.

Upon any change in agency status, the REALTOR® should notify both you and the seller in writing that a change of status has occurred, even if at an earlier time you gave your permission for that to happen.

*If Designated Agency IS used by the office of your REALTOR®, the only time a change of status would be required is when the same individual REALTOR® represents both you and the seller, or represents both you and another buyer when both of you are interested in purchasing the same property.*



## Does Every Company Operate the Same?

No. The agency policy in each office may make different options available to customers and clients of that office. Ask your REALTOR® about his or her agency office policy.



## Who Pays the REALTOR®?

In general, REALTORS® are paid for services they provide, not for their agency representation. Usually, the seller pays a negotiated fee for the sale of their property, and the listing brokerage firm cooperates with the brokerage firm assisting you by sharing this fee. Both the REALTOR® assisting the seller and the REALTOR® assisting you will provide some of the services needed to complete your purchase successfully.

You may also agree beforehand to pay your agent separately if he or she can't secure a brokerage fee through cooperation with the seller or seller's agent.

Disclosed Dual Agents and Facilitators are also paid a fee – usually the same as if they were working solely for one party – because they are still providing needed services toward a successful transaction.



## Know Your Rights

*To be a fully informed real estate consumer, be sure you read and understand any agreement before you sign it. Know that, in addition to disclosing any adverse material facts that they know about a property or any personal interests in the transaction, all REALTORS® – whether acting as a Facilitator, Agent, Designated Agent, or Disclosed Dual Agent – have a duty to act honestly, in good faith, and with reasonable skill and care in providing services to every consumer!*



## When **SELLING** Your Home...

### A Consumer Guide to Agency Law in Tennessee



The knowledge and help of a REALTOR® can make all the difference! You should also understand what's involved in having a REALTOR® represent you as your own **agent**.

In Tennessee, a REALTOR® becomes your representative or agent when you have signed a **Listing Agreement** with that REALTOR® – an actual contract for representation – spelling out how you will work together to market your property successfully.

Once you have signed a Listing Agreement, this contract obligates your agent to be your loyal advocate and to promote your best interests above all others in the negotiation and closing of a successful sale. As your agent, the REALTOR® will obey your lawful instructions and cannot suggest to a buyer or buyer's agent any price for your property that you have not authorized.



### What Is a "Designated Agent"?

Some firms use **Designated Agency** for sellers and buyers as their company policy. Designated Agency means that the REALTOR® representing you is the only one in his or her office – your Designated Agent – who has an agency relationship with you. The use of Designated Agency allows your REALTOR® to continue to represent you and your interests, even if another REALTOR® in the same office shows your property to *his or her* client or negotiates the purchase of your property on someone else's behalf.

Many companies have adopted the use of Designated Agency for all clients in all transactions. Other companies use it only on an as-needed basis. In either case, your Designated Agent will remain your loyal advocate and keep your information confidential – even from other licensees in the office of this REALTOR®.



### When Designated Agency is NOT used...

When Designated Agency is not used, all of the licensees in an office technically become your agents. You could encounter a situation where the office representing you *also represents the buyer*. If this happens, the REALTORS® in that office must – with your permission – change their agency status.

In this situation, the office could terminate their agency representation of both you and the buyer and act as Facilitators from that point forward. Or you could allow the office to represent *both you and the buyer* in the sale of your home, to a limited degree. This is called **Disclosed Dual Agency**. As Facilitators or Disclosed Dual Agents,

REALTORS® can assist both you and the buyer but cannot promote one party's interests over the other's or share either party's confidential information.

Upon any change in agency status, the REALTOR® should notify both you and the buyer in writing that a change of status has occurred, even if at an earlier time you gave your permission for that to happen.

*If Designated Agency IS used by the office of your REALTOR®, the only time a change of status would be required is when the same individual REALTOR® represents both you and the buyer.*



## Does Every Company Operate the Same?

No. The agency policy in each office may make different options available to customers and clients of that office. Ask your REALTOR® about his or her agency office policy.

In particular, if a buyer takes an interest in your property but has appeared without REALTOR® representation or the assistance of a REALTOR®, different offices have their own policies governing how your agent should respond in this situation. Ask your agent to explain what would occur if this happens.



## Who Pays the REALTOR®?

In general, REALTORS® are paid for services they provide, not for their agency representation. Usually, as the seller, you will pay a negotiated fee for the sale of your property to the listing brokerage firm, who will then cooperate with the brokerage firm bringing the buyer by sharing this fee. Both your agent and the REALTOR® assisting the buyer will provide some of the services needed to complete your sale successfully.

Disclosed Dual Agents and Facilitators are also paid a fee – usually the same as if they were working solely for one party – because they are still providing needed services toward a successful transaction.



## Know Your Rights

*To be a fully informed real estate consumer, be sure you read and understand any agreement before you sign it. Know that, in addition to disclosing any adverse material facts that they know about a property or any personal interests in the transaction, all REALTORS® – whether acting as a Facilitator, Agent, Designated Agent, or Disclosed Dual Agent – have a duty to act honestly, in good faith, and with reasonable skill and care in providing services to every consumer!*

## EXCLUSIVE BUYER REPRESENTATION AGREEMENT (Designated Agency)

**Broker/Firm:** \_\_\_\_\_

**Address of Firm:** \_\_\_\_\_

**Buyer:** \_\_\_\_\_

### 1. TERM.

For and in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned

\_\_\_\_\_ (“Client” or “Buyer”) hereby employs the Firm/Broker of \_\_\_\_\_ (“Broker”), as Client’s exclusive agent to locate property for Client’s purchase, lease, exchange or option (collectively “Purchase”) during the term of this agreement, and to advocate the Client’s best interests in the negotiation of terms and conditions of any such Purchase. This Buyer Representation Agreement (“Agreement”) begins on this date and terminates at 11:59 p.m. local time on \_\_\_\_\_, \_\_\_\_\_, or at the closing (or in the case of a lease, the date of possession) of any Purchase under this Agreement, if such occurs earlier. If a contract to purchase, exchange, or lease is signed before this Agreement expires, the term hereof shall continue until final disposition of the Purchase and Sales Agreement, exchange agreement, or lease agreement.

### 2. TYPE OF PROPERTY SOUGHT BY CLIENT.

**A. General Description, Size and Location:** \_\_\_\_\_

**B. Price Range & Terms:** \_\_\_\_\_

**C. Sources to be Searched for Property:** \_\_\_\_\_

**D. Other Terms/Conditions:** \_\_\_\_\_

**E. Properties Specifically Exempted from this Agreement:** \_\_\_\_\_

### 3. CLIENT DUTIES.

Buyer agrees:

- A. To Purchase property exclusively through Broker during the term of this Agreement;
- B. To furnish Broker on a timely basis with any necessary personal and/or financial information to ensure Client’s ability to Purchase;
- C. That he/she is not under an exclusive right to buy contract or exclusive buyer representation agreement with any other agent at this time;
- D. That if Client utilizes the services of another real estate broker or deals solely with a Seller’s Agent or the Seller directly at any time during the effective period of this Agreement and/or any extensions thereof and then enters into an agreement with a seller/owner to Purchase any property(ies) described above, the Buyer still owes a commission to the Broker provided herein;
- E. To authorize Broker to negotiate for a fee paid by the Seller and/or the Seller’s agent, the payment of which will be fully disclosed to Client. If a fee is not offered or paid to Broker, as could occur, for example, in the purchase of an unlisted property, Client agrees to pay Broker a total of \$ \_\_\_\_\_ or \_\_\_\_\_ % compensation based on the total sale price. In the event that Buyer leases a property in lieu of purchase, the Buyer agrees to pay Broker a total of \$ \_\_\_\_\_ in compensation unless otherwise stated herein. In the event that the amount of any cooperating compensation paid by Seller or Seller’s broker is less than the amount listed above, Buyer agrees to

This form is copyrighted and may only be used in real estate transactions in which \_\_\_\_\_ is involved as a TAR authorized user. Unauthorized use of the form may result in legal sanctions being brought against the user and should be reported to the Tennessee Association of Realtors® at (615) 321-1477.



pay Broker the difference at closing, or on the date of possession in the case of a lease. Broker's fee is earned at the signing by both parties of an agreement to purchase, lease, exchange or the exercise of an option for any property(ies) as described above and is due at the closing of any such transaction or upon possession of property unless otherwise stated herein. In the event that Buyer defaults on performance of a valid contract for sale, lease, exchange or exercised option, Broker's fee will be due on the date of default. Buyer agrees to pay all reasonable attorney's fees together with any court costs and expenses which real estate firm incurs in enforcing any of Buyer's obligations to pay compensation under this Agreement. The parties hereby agree that all remedies are fair and equitable and neither party will assert the lack of mutuality of remedies as a defense in the event of a dispute. **NOTICE:** Real estate fees are not fixed by law. They are set by each broker individually and are negotiable between Client and Broker. The payment of any fee by Seller will not make Broker either the Agent or Subagent of the Seller.

**F. Carry-Over Clause.** Should the Buyer contract to buy or exchange, or contract to lease a property within \_\_\_\_\_ days after the expiration of this Agreement with any Seller/Landlord (or anyone acting on Seller's/Landlord's behalf) who has been introduced to Buyer, directly or indirectly, during the term hereof, as extended, the Buyer agrees to pay the compensation as set forth above. This carry-over clause shall not apply if the Buyer is subject to a buyer's representation agreement with another licensed real estate broker at the time of such contract.

**G.** That he/she has reviewed this Agreement and agrees with the terms herein.

#### 4. AGENCY

##### A. Definitions

- 1. Broker.** In this Agreement, the term "Broker" shall mean a licensed Tennessee real estate broker or brokerage firm and where the context would indicate, the Broker's affiliated licensees, including but not limited to the Designated Agent.
- 2. Designated Agent for the Buyer.** The individual licensee that has been assigned by the Managing Broker and is working as an agent for the Buyer in this consumer's prospective transaction, to the exclusion of all other licensees in his/her company. Even if someone else in the licensee's company represents a Seller of a prospective property, the Designated Agent for the Buyer will continue to work as an advocate for the best interests of the Buyer. An agency relationship, by law, can only be established by a written agency agreement.
- 3. Facilitator/Transaction Broker (not an agent for either party).** The licensee is not working as an agent for either party in this consumer's prospective transaction. A Facilitator may advise either or both of the parties to a transaction but cannot be considered a representative or advocate of either party. By law, any licensee or company who has not entered into a written agency agreement with either party in the transaction is considered a Facilitator or Transaction Broker until such time as an agency agreement is established.
- 4. Dual agency.** The licensee has agreements to provide services as an agent to more than one (1) party in a specific transaction and in which the interests of such parties are adverse. This agency status may only be employed upon full disclosure to each party and with each party's informed consent.
- 5. Adverse Facts.** "Adverse Facts" means conditions or occurrences generally recognized by competent licensees that have a negative impact on the value of the real estate, significantly reduce the structural integrity of improvements to real property or present a significant health risk to occupants of the property.
- 6. Confidentiality.** By law, every licensee is obligated to protect some information as confidential. This includes any information revealed by a consumer which may be helpful to the other party IF it was revealed by the consumer BEFORE the licensee disclosed any agency relationship with that other party. AFTER the licensee discloses that he/she has an agency relationship with another party, any such information which the consumer THEN reveals must be passed on by the licensee to that other party. Buyer understands that there is a possibility that sellers or sellers' representatives may not treat the existence, terms, or conditions of offers as confidential unless confidentiality is required by law, regulation, or by any confidentiality agreement between the parties.

##### B. Duties owed to all Parties to a Transaction.

Pursuant to the Tennessee Real Estate Broker License Act, every Real Estate Licensee owes the following duties to every Buyer and Seller, Tenant and Landlord (collectively "Buyers" and "Sellers") unless otherwise provided by law:

1. To diligently exercise reasonable skill and care in providing services to all parties to the transaction;



2. To disclose to each party to the transaction any Adverse Facts of which Licensee has actual notice or knowledge;
3. To maintain for each party in a transaction the confidentiality of any information obtained by a Licensee prior to disclosure to all parties of a written agency agreement entered into by the Licensee to represent either or both parties in the transaction. This duty of confidentiality extends to any information that the party would reasonably expect to be held in confidence, except for information which the party has authorized for disclosure or information required by law to be disclosed;
4. To provide services to each party to the transaction with honesty and good faith;
5. To disclose to each party to the transaction timely and accurate information regarding market conditions that might affect such transaction only when such information is available through public records and when such information is requested by a party;
- 6 To give timely account for earnest money deposits and all other property received from any party to a transaction; and
7. A. To refrain from engaging in self-dealing or acting on behalf of Licensee's immediate family, or on behalf of any other individual, organization or business entity in which Licensee has a personal interest without prior disclosure of such personal interest and the timely written consent of all parties to the transaction; and  
B. To refrain from recommending to any party to the transaction the use of services of another individual, organization or business entity in which the Licensee has an interest or from whom the Licensee may receive a referral fee or other compensation for the referrals, other than referrals to other Licensees to provide real estate services, without timely disclosing to the party who receives the referral, the Licensee's interest in such referral or the fact that a referral fee may be received.

**C. Duties Owed to Client.**

**In addition to the above, the Licensee has the following duties to his/her Client if the Licensee has become an agent or Designated Agent in a transaction:**

1. Obey all lawful instructions of the Client when such instructions are within the scope of this agency agreement between the Licensee and the Buyer/Client;
2. Be loyal to the interests of the Client. A Licensee must place the interests of the Client before all others in negotiation of a transaction and in other activities, except where such loyalty duty would violate Licensee's duties to a customer in the transaction; and
3. Unless the following duties are specifically and individually waived in writing by a Client, Licensee shall assist the Client by:
  - A. Scheduling all property showings on behalf of the Client;
  - B. Receiving all offers and counter offers and forwarding them promptly to the Client;
  - C. Answering any questions that the Client may have in negotiation of a successful purchase within the scope of the Licensee's expertise; and
  - D. Advising the Client as to whatever forms, procedures and steps are needed after execution of the purchase agreement for a successful closing of the transaction.

Upon Waiver of any of the above duties listed under subparagraph 4.C.3., the Client may not expect or seek assistance from any other licensees in the transaction for the performance of said duties.

**D. Agent Disclosure.** Pursuant to Tennessee Real Estate Commission Rule 1260-2-.36, Broker must disclose certain things to Client prior to the execution of this Agreement. Client hereby agrees that Broker has disclosed the following and that this Agreement constitutes written confirmation of same:

During the effective period of this Agreement:

1. Client should not contact listing agents directly and should make all arrangements to view and inspect property through Broker;
2. In the event Client comes into contact with a Seller's Agent(s) (for example, at an open house viewing), Client shall immediately inform the Seller's Agent(s) that he/she is represented by Broker; and

3. If Client purchases property(ies) covered by this Agreement through another real estate licensee or a Seller's Agent(s) or directly from a Seller, Client understands that he/she still owes a commission to the Broker as set forth in this Agreement.

**E. Buyer's Authorizations.**

1. **Appointment of Designated Agent.** Buyer hereby authorizes Managing Broker to appoint the Selling Licensee as Designated Agent for the Buyer, to the exclusion of any other licensees associated with Broker. A Designated Agent for the Buyer can and will continue to advocate Buyer's interests in a transaction even if a Designated Agent for the Seller (other than the Licensee listed below) is also associated with Broker. The Managing Broker hereby appoints \_\_\_\_\_ to be the Designated Agent for the Buyer in this transaction.
2. **Appointment of Subsequent Designated Agent.** Buyer hereby authorizes the Managing Broker, if necessary, to appoint a licensee, other than the Licensee named above, as Designated Agent for the Buyer, to the exclusion of any other licensees associated with Broker. This shall be accomplished through an amendment to this Agreement, if necessary.
3. **Default to Facilitator in the event that both parties are represented by the same Designated Agent.** The Designated Agent shall default to Facilitator status for all showings or transactions *involving the same Designated Agent for both the Buyer and a prospective Seller*, immediately notifying (verbally) the Buyer and the Seller of the need to default to this Facilitator status to be confirmed in writing prior to the execution of the contract. Upon any default to Facilitator status, the former Designated Agent must assume a neutral position and will not be an advocate for either the Buyer or any prospective Seller.
4. **Resumption of Agency Status.** In the event that the Designated Agent defaults to a Facilitator status, this Facilitator status will only be temporary. The Facilitator status will only last until any transaction or contemplated transaction in which the parties are all assisted by the same Facilitator is resolved (either because the transaction is closed or the transaction or contemplated transaction is terminated or not accepted and no further negotiations occur between the parties). At that time, the Agent will immediately revert back to Designated Agency status for the Buyer.

**5. CONFIDENTIALITY.**

Information which the Buyer authorizes Broker and his affiliated Licensees to disclose which might otherwise be confidential: \_\_\_\_\_

**6. EARNEST MONEY/TRUST MONEY.**

Broker is authorized to accept a deposit of earnest money/trust money to be applied to the purchase price for a property. Such deposit is to be held by Broker in an escrow or trustee account or forwarded to party authorized to hold said funds as set forth in an executed contract for purchase, lease, exchange or option agreement until disbursed in accordance with the terms of said agreement.

**7. LIMITATIONS ON BROKER'S AUTHORITY AND RESPONSIBILITY.**

Buyer acknowledges and agrees that Broker and Designated Agent:

- A. May show the same properties to other prospective buyers;
- B. Is not an expert with regard to matters that could be revealed through a survey, title search, or inspection; the insurability of the property or cost to insure the property; for the condition of the property, any portion thereof, or any item therein; for any geological issues present on the property; for any issues arising out of the failure to inspect property prior to entering into an agreement to Purchase property and/or closing on property; for the necessity or cost of any repairs to property; hazardous or toxic materials; square footage; acreage; the availability and cost of utilities, septic or community amenities; conditions existing off a property which may affect said property; proposed or pending condemnation actions involving the property; uses and zoning of a property, whether permitted or proposed; for applicable boundaries of school districts or other school information; termites and wood destroying organisms; building products and construction techniques; the tax or legal consequences of a contemplated transaction; matters relating to financing; for the appraised or future value of a property; etc. Buyer acknowledges that Broker is not an expert with respect to the above matters and is hereby advised to seek independent expert advice on any of these or other matters which are of concern to Buyer;

196 While Broker and the Licensees associated with Broker have considerable general knowledge of the real estate industry  
197 and real estate practices, they are not experts in matters of law, tax, financing, square footage, home inspections, wood  
198 destroying organisms, surveying, structural conditions, geological issues, hazardous materials, engineering, etc. Client  
199 acknowledges Broker's advice to seek professional assistance and advice in these and other areas of professional  
200 expertise as needed. If Broker or licensees associated with Broker provide names or sources to Client for such advice or  
201 assistance, those services and / or products are not warranted or guaranteed by the Broker or the Licensees associated  
202 with Broker.

204 **A. Binding Effect, Entire Agreement, Modification, and Assignment.** This Agreement shall be for the benefit of,  
205 and be binding upon, the parties hereto, their heirs, successors, legal representatives and permitted assigns. This  
206 Agreement may only be assigned with the written consent of both parties. This Agreement constitutes the sole and  
207 entire agreement between the parties hereto and no modification of this Agreement shall be binding unless signed by  
208 all parties or assigns to this Agreement. No representation, promise, or inducement not included in this Agreement  
209 shall be binding upon any party hereto. Any assignee shall fulfill all the terms and conditions of this Agreement.

212 **C. Terminology.** As the context may require in this Agreement: (1) the singular shall mean the plural and vice versa;  
213 (2) all pronouns shall mean and include the person, entity, firm or corporation to which they relate; (3) the masculine  
214 shall mean the feminine and vice versa; and (4) the term day(s) used throughout this Agreement shall be deemed to  
215 be calendar day(s) ending at 11:59 p.m. local time unless otherwise specified in this Agreement. Local time shall be  
216 determined by the location of the Firm.

220 E. **Fair Housing.** Broker and Designated Agent shall provide services without regard to race, color, religion, sex,  
221 handicap, familial status, national origin, sexual orientation or gender identity. A request to observe discriminatory  
222 practices in the sale, lease, exchange, or option of property will not be granted.

229 **11. EXHIBITS AND ADDENDA.** All exhibits and/or addenda attached hereto, listed below, or referenced herein are  
230 made a part of this Agreement.

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**12. SPECIAL STIPULATIONS.** The following Special Stipulations, if conflicting with any preceding paragraph, shall control:

\_\_\_\_\_  
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 \_\_\_\_\_

The party(ies) below have signed and acknowledge receipt of a copy.

**BY: Broker or Licensee Authorized by Broker**

**BROKER/FIRM**

\_\_\_\_\_ at \_\_\_\_\_ o'clock ☐ am/ ☐ pm

Date

Address

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Print/Type Name

The party(ies) below have signed and acknowledge receipt of a copy.

**BUYER**

**BUYER**

Print/Type Name

Print/Type Name

\_\_\_\_\_ at \_\_\_\_\_ o'clock ☐ am/ ☐ pm

\_\_\_\_\_ at \_\_\_\_\_ o'clock ☐ am/ ☐ pm

Date

Date

Address

Address

Phone: \_\_\_\_\_ (H) \_\_\_\_\_ (Cell)

Phone: \_\_\_\_\_ (H) \_\_\_\_\_ (Cell)

\_\_\_\_\_ (W) Email: \_\_\_\_\_

\_\_\_\_\_ (W) Email: \_\_\_\_\_

*NOTE: This form is provided by TAR to its members for their use in real estate transactions and is to be used as is. By downloading and/or using this form, you agree and covenant not to alter, amend, or edit said form or its contents except as where provided in the blank fields, and agree and acknowledge that any such alteration, amendment or edit of said form is done at your own risk. Use of the TAR logo in conjunction with any form other than standardized forms created by TAR is strictly prohibited. This form is subject to periodic revision and it is the responsibility of the member to use the most recent available form.*

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Version 01/01/2017

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## EXCLUSIVE RIGHT TO SELL LISTING AGREEMENT (Designated Agency)

**BROKER (listing company):** \_\_\_\_\_

**ADDRESS OF COMPANY:** \_\_\_\_\_

**OWNER/SELLER ("Seller" or "Client"):** \_\_\_\_\_

**ADDRESS OF OWNER/SELLER:** \_\_\_\_\_

In consideration of Broker's Agreement to find a ready, willing, and able Buyer and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned Seller hereby grants Broker the Exclusive Right to Sell the hereinafter described Property in accordance with the following terms and conditions:

**1. PROPERTY ADDRESS/LEGAL DESCRIPTION:**

\_\_\_\_\_ (Address)  
 \_\_\_\_\_ (City), Tennessee, \_\_\_\_\_ (Zip), as recorded in  
 \_\_\_\_\_ County Register of Deeds Office, \_\_\_\_\_ deed book(s), \_\_\_\_\_  
 pages(s), \_\_\_\_\_ and/or instrument no. and further described as:

\_\_\_\_\_ together with all fixtures, landscaping, improvements, and appurtenances, all being hereinafter collectively referred to as the "Property".

A. **Included** as part of the Property (if present): all attached light fixtures and bulbs including ceiling fans; permanently attached plate-glass mirrors; heating, cooling, and plumbing fixtures and equipment; all doors, storm doors and windows; all window treatments (e.g. shutters, blinds, shades, curtains, draperies) and hardware; all wall-to-wall carpet; range; all built-in kitchen appliances; all bathroom fixtures and bathroom mirrors; all gas logs, fireplace doors and attached screens; all security system components and controls; garage door opener and all (at least \_\_\_) remote controls; an entry key; swimming pool and its equipment; awnings; permanently installed outdoor cooking grills; all landscaping and all outdoor lighting; mailbox(es); attached basketball goals and backboards; TV mounting brackets (but excluding flat screen TVs); antennae and satellite dishes (excluding components); and central vacuum systems and attachments.

B. Other items that remain with the Property at no additional cost to Buyer:

C. Items that will **NOT** remain with the Property:

D. **Leased Items:** Leased items that remain with the Property are (e.g. security systems, water softener systems, etc.):

If leases are not assumable, it will be Seller's responsibility to pay balance.

**2. THE LISTING PRICE:** \$ \_\_\_\_\_ ( \_\_\_\_\_ Dollars)

**3. TERM:** LISTING DATE: \_\_\_\_\_ LISTING EXPIRATION DATE: \_\_\_\_\_

If a contract to purchase, exchange, or lease is signed before this Agreement expires, the term hereof shall continue until final disposition of Purchase and Sales Agreement, exchange agreement, or lease agreement.

**Carry-Over Clause.** Should the Seller contract to sell or exchange, or contract to lease the Property within \_\_\_\_\_ days after the expiration of this Agreement to any Buyer/Tenant (or anyone acting on Buyer's/Tenant's behalf) who has been introduced to the Property, directly or indirectly, during the term hereof, as extended, the Seller agrees to pay the compensation as set forth below. This includes but is not limited to any introduction or exposure to Property by advertisements or postings appearing in any medium which originated as a result of listing the Property with Broker.

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This carry-over clause shall not apply if the Property is listed with another licensed real estate broker at the time of such contract.

**4. POSSESSION OF PROPERTY to be delivered:** \_\_\_\_\_

**5. TERMS of sale acceptable to Seller (such as FHA, VA, Conventional, etc.):** \_\_\_\_\_

**6. COMPENSATION:**

A total of \$ \_\_\_\_\_, or \_\_\_\_\_% compensation based on the total sales price which shall be paid by Seller to Broker in readily available funds on the date of closing of Property as evidenced by delivery of warranty deed and payment of purchase price which includes, but is not limited to, payment of purchase price in full, execution of a 1031 exchange, execution of a deed of trust, or execution of a promissory note (the "Closing"). In any exchange of the Property, Seller consents to Broker receiving compensation from both parties based upon the value of both properties.

In the event that the Property is leased under the terms of this Agreement, Seller agrees to pay a total of \$ \_\_\_\_\_, or \_\_\_\_\_% compensation based upon the monthly rental amount which shall be paid by Seller to Broker in readily available funds within five business days of rent being due under the terms of said lease. Said compensation shall be paid by Seller to Broker and shall continue for the duration of the lease agreement with compensation being paid to Broker within five business days of rent being due under the terms of the lease. This obligation to pay said compensation shall survive the natural termination of this Agreement. In the event that the Property is sold during the term of any lease agreement reached under this Agreement or any carry-over period described herein, Seller agrees to pay Broker at the time of Closing any remaining compensation based upon future rental payments and/or any compensation that may be due under the terms of this Listing Agreement.

In the event a Buyer is found for said Property during the period above set out, on the terms and at the price specified herein, or for a price and upon terms agreeable to Seller, Seller further agrees to convey said Property by warranty deed to such Buyer, free from all assessments, liens and encumbrances, but subject to all restrictions of record, if any. The compensation payable for the sale of Property is not set in any manner other than between Broker and Seller. Property is offered without regard to race, color, religion, sex, handicap, familial status or national origin. A request from Seller to observe discriminatory requirements in the sale or lease of the Property will not be granted since it is a violation of the law.

In the event that a ready, willing, and able Buyer (or Tenant) is produced and a contract results, the Seller is obligated to compensate Broker in the event that Seller unlawfully fails to close or to fulfill lease terms by Seller's breach of the Purchase and Sale Agreement or lease agreement. In the event this occurs, Seller agrees to compensate Broker in an amount equal to the compensation which would have been due and owing Broker had the transaction closed or the lease been fulfilled. Such compensation will be payable without demand. Should the Broker consent to release the Listing prior to the expiration of the term of this Agreement or any extensions, Seller agrees to pay all costs incurred by Broker to market Property or other amount as agreed to by the parties as a cancellation fee, in addition to any other sums that may be due to Broker. Seller agrees to pay all reasonable attorney's fees together with any court costs and expenses which real estate firm incurs in enforcing any of Seller's obligations to pay compensation under this Listing Agreement. The parties hereby agree that all remedies are fair and equitable and neither party will assert the lack of mutuality of remedies as a defense in the event of a dispute.

**7. RESPONSIBILITIES AND RIGHTS OF THE PARTIES.**

Broker is hereby granted the authority to advertise this listing on the Internet. Broker is additionally permitted to file this listing with any Multiple Listing Service (MLS) or similar service(s) of which Broker is a member. Seller understands and agrees that by placing the listing on the MLS or these similar services, the listing may be included in a searchable database provided by the MLS or similar service which can be viewed on other agents' websites. Seller also agrees that the listing may also appear on publicly accessible websites sponsored by and/or affiliated with the MLS, the local association of Realtors®, or similar listing services and those who lawfully receive listing information from said entities. Broker shall provide timely notice to MLS of status changes, shall use best efforts to produce a Buyer, and may divide compensation with other real estate licensees for cooperation in connection with the sale or lease of the Property. Broker shall offer a cooperative compensation to any agent who is a member participant of any MLS(es) in which Property is listed in the amount of \_\_\_\_\_% of Selling Price/monthly rental amount or \$ \_\_\_\_\_ to a Selling Agent or Facilitator (an agent who is representing the interests of and/or is working with the Buyer/Tenant) who is the procuring cause of the transaction. Broker may offer a cooperative compensation to an agent who is not a member participant of the MLS(es) in which the Property is listed. In the event that Broker elects to offer a cooperating compensation to an agent who is not a member participant in the MLS(es) in which the Property is listed, it will be in the amount of \_\_\_\_\_% of Selling Price/monthly rental amount or \$ \_\_\_\_\_ to a Selling Agent or

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Facilitator (an agent who is representing the interests of and/or is working with the Buyer/Tenant) who is the procuring cause of the transaction. In this event, Broker shall notify Seller in writing that a cooperative compensation is being offered to that nonmember participant agent. Seller will assist Broker in any reasonable way in selling Property and will refer to Broker all inquiries regarding this Property during the term of the Agreement, and any extensions or renewals thereof, and authorizes Broker to provide final sales information to the MLS for the purpose of compiling comparable sales data reports.

Broker is authorized to place a real estate sign and lock box on the Property and to remove all other real estate signs; to disseminate the Tennessee Residential Property Condition Disclosure, Disclaimer or Exemption form and the Multiple Listing Profile Sheet as well as the Lead-Based Paint Disclosure form and the Additional Required Residential Disclosures form (RF 205) (if either is required by law and if such information is not otherwise disseminated); to exhibit said Property to any prospective Buyer; and to have interior/exterior photographs/videos taken, and/or audio recorded for the creation of any advertising materials of said Property to be used and distributed in promoting the sale and to use same to advertise the Property on the Internet or other broadcast media; and to do such advertising as Broker deems appropriate. In the event that Seller provides photographs, videos or other copyrightable materials to Broker, Seller grants Brokers a nonrevocable license to such material and the authority to grant license to Broker's MLS for storage; reproduction, compiling and distribution of said material. Seller shall allow the Property to be shown at all reasonable hours and otherwise cooperate with Broker.

Seller agrees that Broker is authorized to receive on behalf of Seller all notices, offers, and other documents incidental to the offering and sale of the Property which is covered by this Agreement. Seller agrees that such receipt by Broker may be deemed to be receipt by Seller if such documents so provide or if the law so requires. Seller agrees to keep Broker informed of Seller's whereabouts in order for Broker to promptly forward all such notices, offers and other information to Seller.

#### **8. FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT ("FIRPTA") DISCLOSURE.**

*Seller is hereby notified to consult with his/her own closing attorney and tax professional concerning the applicability of the Foreign Investment in Real Property Tax Act ("FIRPTA") which may require tax withholding to be collected from Seller at the Closing of any sale of the Property. Examples of this may include if Seller can be classified as one of the following:*

*Non United States citizen;*

*Non resident alien; or*

*Foreign corporation, partnership, trust, or estate*

*It is Seller's Responsibility to seek independent tax advice prior to any Closing Date regarding such tax matters.*

#### **9. HOLD HARMLESS AND LIMITATIONS ON BROKER'S AUTHORITY AND RESPONSIBILITY.**

Seller agrees to carefully review the information on the Multiple Listing Profile Sheet and to complete either the Tennessee Residential Property Condition Disclosure, Disclaimer, or Exemption form and to sign said documents. Seller also agrees to complete the Lead-Based Paint Disclosure and the Additional Required Residential Disclosures form (RF 205) if required by law and said information has not otherwise been disclosed in writing. Seller has not advised Broker and/or his affiliated Licensees (hereinafter "Agents") of any defects in the Property or the improvements located thereon, except as shall be noted on the Multiple Listing Profile Sheet and the Tennessee Residential Property Condition Disclosure, Disclaimer, or Exemption form signed by the Seller. Seller is not aware of any other defect or environmental factor which would affect the value of or structural integrity of improvements on the Property or the health of future occupants. Seller agrees that Seller shall be solely responsible for any misrepresentations or mistakes on the listing data wherein Seller has supplied such information on the attached Multiple Listing Profile Sheet, Tennessee Residential Property Condition Disclosure, Disclaimer, or Exemption form; the Lead-Based Paint Disclosure (if required by law); and/or the Additional Required Residential Disclosures form (RF 205) (if required by law). Seller further agrees to hold Agents and firm harmless and indemnify them from any claim, demand, action, liability or proceedings resulting from any omission, alleged omission or misrepresentation by Seller on said forms and/or for any material fact that is known or should be known by Seller concerning the Property and that is not disclosed to Agents and to provide for defense costs including reasonable attorney's fee for Agents and firm in such an event. Seller is not aware of any other defect, environmental factors or adverse facts (as defined in Tenn. Code Ann § 62-13-102) concerning the Property.

Seller authorizes Broker and/or his affiliated Licensees to conduct showings or "Open Houses" of the Property. Seller additionally authorizes Broker and/or his affiliated Licensees and any duly authorized key holder key entry access to the Property. Seller also authorizes Broker and/or his affiliated Licensees to place a lock box on said Property for the purpose of conducting or allowing cooperating brokers to conduct key-entry showings of this Property. Seller represents

that adequate insurance will be kept in force to protect Seller in the event of any damage, losses or claims arising from entry to Property by persons through the above use of the key and agrees to hold Broker, its licensees, salespersons and employees harmless from any loss, theft, or damage incurred as a result of showings, Open Houses or other authorized entry thereof.

Seller acknowledges and agrees that Broker:

- A. May show other properties to prospective buyers who are interested in Seller's Property;
- B. Is not an expert with regard to matters that could be revealed through a survey, title search, or inspection; for the condition of the Property, any portion thereof, or any item therein; for any geological issues present on the Property; for the necessity or cost of any repairs to Property; hazardous or toxic materials; square footage; acreage; the availability and cost of utilities, septic, or community amenities; conditions existing off the Property that may affect the Property; uses and zoning of Property, whether permitted or proposed; for applicable boundaries of school districts or other school information; proposed or pending condemnation actions involving the Property; the appraised or future value of the Property; termites and wood destroying organisms; building products and construction techniques; the tax or legal consequences of a contemplated transaction; or matters relating to financing, etc. Seller acknowledges that Broker is not an expert with respect to the above matters and is hereby advised to seek independent expert advice on any of these matters which are of concern to Seller;
- C. Shall owe no duties to Seller nor have any authority to act on behalf of Seller other than what is set forth in this Agreement and the duties contained in the Tennessee Real Estate License Act of 1973, as amended, and the Tennessee Real Estate Commission Rules; and
- D. May make all disclosures required by law and/or the National Association of Realtors® Code of Ethics.

## 10. EXPERT ASSISTANCE

While Broker has considerable general knowledge of the real estate industry and real estate practices, Broker is not an expert in the matters of law, square footage, acreage, home inspections, geological issues, wood destroying organisms, taxation, financing, surveying, structural conditions, hazardous materials, engineering, etc. Client acknowledges Broker's advice to seek professional assistance and advice as needed in these and other areas of professional expertise. If Broker provides names or sources for such advice or assistance, Broker does not warrant or guarantee the services and/or products obtained by Client.

## 11. AGENCY

### A. Definitions.

1. **Broker.** In this Agreement, the term "Broker" shall mean a licensed Tennessee real estate broker or brokerage firm and where the context would indicate, the Broker's affiliated licensees.
2. **Designated Agent for the Seller.** The individual licensee that has been assigned by his/her Managing Broker and is working as an agent for the Seller or Property Owner in this consumer's prospective transaction, to the exclusion of all other licensees in his/her company. Even if someone else in the licensee's company represents a possible Buyer for this Seller's Property, the Designated Agent for the Seller will continue to work as an advocate for the best interests of the Seller or Property Owner. An agency relationship of this type cannot, by law, be established without a written agency agreement.
3. **Facilitator/Transaction Broker (not an agent for either party).** The licensee is not working as an agent for either party in this consumer's prospective transaction. A Facilitator may advise either or both of the parties to a transaction but cannot be considered a representative or advocate of either party. "Transaction Broker" may be used synonymously with, or in lieu of, "Facilitator" as used in any disclosures, forms or agreements. [By law, any Licensee or company who has not entered into a written agency agreement with either party in the transaction is considered a Facilitator or Transaction Broker until such time as an agency agreement is established.]
4. **Dual agency.** The licensee has agreements to provide services as an agent to more than one (1) party in a specific transaction and in which the interests of such parties are adverse. This agency status may only be employed upon full disclosure to each party and with each party's informed consent.
5. **Adverse Facts.** "Adverse Facts" means conditions or occurrences generally recognized by competent licensees that have a negative impact on the value of the real estate, significantly reduce the structural integrity of improvements to real property or present a significant health risk to occupants of the property.
6. **Confidentiality.** By law, every licensee is obligated to protect some information as confidential. This includes any information revealed by a consumer which may be helpful to the other party IF it was revealed by the



consumer BEFORE the licensee disclosed any agency relationship with that other party. AFTER the licensee discloses that he/she has an agency relationship with another party, any such information which the consumer THEN reveals must be passed on by the licensee to that other party.

**B. Duties owed to all Parties to a Transaction.**

**Pursuant to the Tennessee Real Estate Broker License Act, every Real Estate Licensee owes the following duties to every Buyer and Seller, Tenant and Landlord (collectively “Buyers” and “Sellers”) unless otherwise provided by law:**

1. To diligently exercise reasonable skill and care in providing services to all parties to the transaction.
2. To disclose to each party to the transaction any Adverse Facts of which licensee has actual notice or knowledge.
3. To maintain for each party in a transaction the confidentiality of any information obtained by a licensee prior to disclosure to all parties of a written agency agreement entered into by the licensee to represent either or both parties in the transaction. This duty of confidentiality extends to any information which the party would reasonably expect to be held in confidence, except for information which the party has authorized for disclosure or information required by law to be disclosed. This duty survives both the subsequent establishment of an agency relationship and the closing of the transaction.
4. To provide services to each party to the transaction with honesty and good faith.
5. To disclose to each party to the transaction timely and accurate information regarding market conditions that might affect such transaction only when such information is available through public records and when such information is requested by a party.
6. To timely account for earnest money deposits and all other property received from any party to a transaction and
7. A. To refrain from engaging in self-dealing or acting on behalf of licensee’s immediate family, or on behalf of any other individual, organization or business entity in which licensee has a personal interest without prior disclosure of such personal interest and the timely written consent of all parties to the transaction, and  
B. To refrain from recommending to any party to the transaction the use of services of another individual, organization or business entity in which the licensee has an interest or from whom the licensee may receive a referral fee or other compensation for the referral, other than referrals to other licensees to provide real estate services, without timely disclosure to the party who receives the referral, the licensee’s interest in such referral or the fact that a referral fee may be received.

**C. Duties owed to Client.**

**In addition to the above, the licensee has the following duties to his/her Client if the licensee has become an Agent or Designated Agent in a transaction, pursuant to the Tennessee Real Estate Broker License Act:**

1. Obey all lawful instructions of the client when such instructions are within the scope of the agency agreement between the licensee and licensee’s client;
2. Be loyal to the interests of the client. Licensee must place the interests of the client before all others in negotiation of a transaction and in other activities, except where such loyalty/duty would violate licensee’s duties to a customer in the transaction; and
3. Unless the following duties are specifically and individually waived in writing by a client, licensee shall assist the client by:
  - A. Scheduling all Property showings on behalf of the client;
  - B. Receiving all offers and counter offers and forwarding them promptly to the client;
  - C. Answering any questions that the client may have in negotiation of a successful purchase agreement within the scope of the licensee’s expertise; and
  - D. Advising the client as to whatever forms, procedures and steps are needed after execution of the purchase agreement for a successful closing of the transaction.

Upon waiver of any of the duties contained in paragraph 11.C.3., a consumer must be advised in writing by such consumer’s agent that the consumer may not expect or seek assistance from any other licensees in the transaction for the performance of said duties.

**D. Seller’s Authorizations.**

1. **Appointment of Designated Agent.** Seller hereby authorizes Managing Broker to appoint the Listing Licensee as Designated Agent for the Seller, to the exclusion of any other licensees associated with Broker. A

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Designated Agent for the Seller can and will continue to advocate Seller's interests in a transaction even if a Designated Agent for the Buyer (other than the licensee below) is also associated with Broker. The Managing Broker hereby appoints \_\_\_\_\_ to be the Designated Agent to the Seller in this transaction.

2. **Appointment of Subsequent Designated Agent.** Seller hereby authorizes the Managing Broker, if necessary, to appoint a licensee, other than the licensee named above, as Designated Agent for the Seller, to the exclusion of any other licensees associated with Broker. This shall be accomplished through an amendment to this Agreement, if necessary.
3. **Default to Facilitator in the event both parties are represented by the same Designated Agent.** The Designated Agent shall default to Facilitator status for all showings or transactions *involving the same Designated Agent for both the Seller and a prospective buyer*, immediately notifying (verbally) the Buyer and the Seller of the need to default to this Facilitator status to be confirmed in writing prior to the execution of the contract. Upon any default to Facilitator status, the former Designated Agent must assume a neutral position and will not be an advocate for either the Seller or any prospective buyers.
4. **Resumption of Agency Status.** In the event that the Designated Agent defaults to a Facilitator status, this Facilitator status will only be temporary. The Facilitator status will only last until any transaction or contemplated transaction in which the parties are all assisted by the same Facilitator is resolved (either because the transaction is closed or the transaction or contemplated transaction between these parties is terminated or not accepted and no further negotiations occur between the parties). At that time, the agent will immediately revert to Designated Agency status for the Seller again.

12. **EARNEST MONEY/TRUST MONEY.** Broker is authorized to accept from Buyer a deposit as earnest money/trust money to be applied to the purchase price for the Property. Such deposit is to be held by Broker in an escrow or trustee account or forwarded to party authorized to hold said funds as set forth in an executed contract for the purchase, lease, exchange, or option agreement until disbursed in accordance with the terms of said agreement.

13. **TITLE.** Seller warrants he is vested with good marketable title to the Property with full authority to execute this Agreement and to sell the Property. Seller shall convey the Property by a good and sufficient general warranty deed.

14. **HOME PROTECTION PLAN.**

- ☐ Seller agrees to provide a limited Home Protection Plan at a cost of \$\_\_\_\_\_ to be funded at closing.

Plan company: \_\_\_\_\_

**OR**

- ☐ Home Protection waived.

15. **OTHER PROVISIONS.**

A. **Binding Effect, Entire Agreement, Modification, and Assignment.** This Agreement shall be for the benefit of, and be binding upon, the parties hereto, their heirs, successors, legal representatives and permitted assigns. This Agreement may only be assigned with the written consent of both parties. This Agreement constitutes the sole and entire agreement between the parties hereto and no modification of this Agreement shall be binding unless signed by all parties or assigns to this Agreement. No representation, promise, or inducement not included in this Agreement shall be binding upon any party hereto. Any assignee shall fulfill all the terms and conditions of this Agreement.

B. **Governing Law and Venue.** This Agreement is intended as a contract for the sale of real property and shall be governed by and interpreted in accordance with the laws and in the courts of the State of Tennessee.

C. **Terminology.** As the context may require in this Agreement: (1) the singular shall mean the plural and vice versa; (2) all pronouns shall mean and include the person, entity, firm or corporation to which they relate; (3) the masculine shall mean the feminine and vice versa; and (4) the term day(s) used throughout this Agreement shall be deemed to be calendar day(s) ending at 11:59 p.m. local time unless otherwise specified in this Agreement. Local time shall be determined by the location of Property.

D. **Severability.** If any portion or provision of this Agreement is held or adjudicated to be invalid or unenforceable for any reason, each such portion or provision shall be severed from the remaining portions or provisions of this Agreement, and the remaining portions or provisions shall be unaffected and remain in full force and effect.

E. **Fair Housing.** Broker and his affiliated Licensees shall provide services without regard to race, color, religion, sex, handicap, familial status, national origin, sexual orientation or gender identity. A request to observe discriminatory practices in the sale, lease, exchange, or option of property will not be granted.

16. **LEGAL DOCUMENTS.** THIS IS AN IMPORTANT LEGAL DOCUMENT CREATING VALUABLE RIGHTS AND OBLIGATIONS. IF YOU HAVE QUESTIONS ABOUT IT, YOU SHOULD REVIEW IT WITH YOUR ATTORNEY. NEITHER THE BROKER NOR ANY AGENT OR FACILITATOR IS AUTHORIZED OR

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**17. CONFIDENTIALITY.** Information which Seller authorizes Broker and his affiliated Licensees to disclose which might otherwise be confidential:

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[illegible]

The party(ies) below have signed and acknowledge receipt of a copy.

Email: \_\_\_\_\_

(W) Email:

Version 01/01/2017



## NOTIFICATION OF CHANGE IN STATUS OR AGENCY RELATIONSHIP

Every real estate licensee is required to disclose his or her agency status in a real estate transaction to any buyer or seller who is not represented by an agent and with whom the licensee is working directly in the transaction. Copies of this confirmation must be provided to any signatory thereof. If the licensee's agency relationship changes at any time during the course of a real estate transaction, that agent is required to immediately notify any other licensees and any parties to the transaction of this change in agency relationship. The following serves as a written confirmation of any change in status or agency relationship by this Licensee (or Licensee's real estate company):

The real estate transaction involving the property located at:

\_\_\_\_\_ ("Property Address")

and involving the following parties: \_\_\_\_\_ ("Seller" which includes landlord as applicable) and/or \_\_\_\_\_ ("Buyer" which includes tenant as applicable).

### I. PREVIOUS STATUS OR AGENCY RELATIONSHIP:

\_\_\_\_\_ ("Licensee" or Firm as applicable) was previously acting in the following capacity in this transaction:

**Licensee to select the Status or Agency Relationship previously disclosed by Licensee or Firm as applicable on the original Confirmation of Agency Status Form or immediately preceding Notification of Change in Status or Agency Relationship:**

- |   |   |
|---|---|
| <input type="checkbox"/> Agent for the Seller   | <input type="checkbox"/> Agent for the Buyer  |
| <input type="checkbox"/> Designated Agent for the Seller                                      | <input type="checkbox"/> Designated Agent for the Buyer   |
| <input type="checkbox"/> Transaction Broker or Facilitator<br>(not an agent for either party) | <input type="checkbox"/> Disclosed Dual Agent (for both parties)<br>with the consent of both the Buyer and the Seller |

### II. CHANGE TO STATUS OR AGENCY RELATIONSHIP:

\_\_\_\_\_ ("Licensee" or Firm as applicable) with \_\_\_\_\_ ("Firm") has changed his/her status or agency relationship in this transaction to the following:

**Licensee to select ONE of the following options to describe his/her or Firm's New Status or Agency Relationship in this Transaction:**

- |   |   |
|---|---|
| <input type="checkbox"/> Agent for the Seller   | <input type="checkbox"/> Agent for the Buyer  |
| <input type="checkbox"/> Designated Agent for the Seller                                      | <input type="checkbox"/> Designated Agent for the Buyer   |
| <input type="checkbox"/> Transaction Broker or Facilitator<br>(not an agent for either party) | <input type="checkbox"/> Disclosed Dual Agent (for both parties)<br>with the consent of both the Buyer and the Seller |

**This form is intended to notify a buyer, seller, and/or any other licensee in transaction of a change in status or agency relationship of a real estate agent.** This document also serves as confirmation that the licensee's Agency or Transaction Broker status was communicated orally before any real estate services were provided and also serves as a statement acknowledging that the buyer or seller, as applicable, was informed that any complaints alleging a violation or violations of Tenn. Code Ann. § 62-13-312 must be filed within the applicable statute of limitations for such violation set out in Tenn. Code Ann. § 62-13-313(e) with the Tennessee Real Estate Commission, 500 James Robertson Parkway, Nashville, TN 37243, PH: (615) 741-2273. **This notice by itself, however, does not constitute an agency agreement or establish any agency relationship.**

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40 The following signatures constitute acknowledgment of receipt of this Notification of Change in Status or Agency  
 41 Relationship disclosure by the Realtor® acting as Agent/Broker OR other status of Seller/Landlord and/or Buyer/Tenant listed  
 42 above pursuant to the National Association of Realtors® Code of Ethics and Standards of Practice.

|    |                  |      |                 |      |
|----|------------------|------|-----------------|------|
| 43 |                  |      |                 |      |
| 44 | Seller Signature | Date | Buyer Signature | Date |
| 45 |                  |      |                 |      |
| 46 | Seller Signature | Date | Buyer Signature | Date |

|    |                  |      |                  |      |
|----|------------------|------|------------------|------|
| 47 |                  |      |                  |      |
| 48 | Listing Licensee | Date | Selling Licensee | Date |
| 49 |                  |      |                  |      |
| 50 | Listing Company  | Date | Selling Company  | Date |

*NOTE: This form is provided by TAR to its members for their use in real estate transactions and is to be used as is. By downloading and/or using this form, you agree and covenant not to alter, amend, or edit said form or its contents except as where provided in the blank fields, and agree and acknowledge that any such alteration, amendment or edit of said form is done at your own risk. Use of the TAR logo in conjunction with any form other than standardized forms created by TAR is strictly prohibited. This form is subject to periodic revision and it is the responsibility of the member to use the most recent available form.*



## TENNESSEE RESIDENTIAL PROPERTY CONDITION DISCLOSURE

1 PROPERTY ADDRESS \_\_\_\_\_ CITY \_\_\_\_\_

2 SELLER'S NAME(S) \_\_\_\_\_ PROPERTY AGE \_\_\_\_\_

3 DATE SELLER ACQUIRED THE PROPERTY \_\_\_\_\_ DO YOU OCCUPY THE PROPERTY? \_\_\_\_\_

4 IF NOT OWNER-OCCUPIED, HOW LONG HAS IT BEEN SINCE THE SELLER OCCUPIED THE PROPERTY? \_\_\_\_\_

5 (Check the one that applies) The property is a ☐ site-built home ☐ non-site-built home

6 The Tennessee Residential Property Disclosure Act requires sellers of residential real property with one to four dwelling  
7 units to furnish to a buyer one of the following: (1) a residential property disclosure statement (the "Disclosure"), or (2) a  
8 residential property disclaimer statement (permitted only where the buyer waives the required Disclosure). Some property  
9 transfers may be exempt from this requirement (See Tenn. Code Ann. § 66-5-209). The following is a summary of the  
10 buyers' and sellers' rights and obligations under the Act. A complete copy of the Act may be found at  
11 <http://www.lexisnexis.com/hottopics/tncode/> (See Tenn. Code Ann. § 66-5-201, et seq.)

- 12 1. Sellers must disclose all known material defects and must answer the questions on the Disclosure form in good faith to  
13 the best of the seller's knowledge as of the Disclosure date.
- 14 2. Sellers must give the buyers the Disclosure form before the acceptance of a purchase contract.
- 15 3. Sellers must inform the buyers, at or before closing, of any inaccuracies or material changes in the condition that have  
16 occurred since the time of the initial Disclosure, or certify that there are no changes.
- 17 4. Sellers may give the buyers a report or opinion prepared by a professional inspector or other expert(s) or certain  
18 information provided by a public agency, in lieu of responding to some or all of the questions on the form (See Tenn.  
19 Code Ann. § 66-5-204).
- 20 5. Sellers are not required to have a home inspection or other investigation in order to complete the Disclosure form.
- 21 6. Sellers are not required to repair any items listed on the Disclosure form or on any past or future inspection report unless  
22 agreed to in the purchase contract.
- 23 7. Sellers involved in the first sale of a dwelling must disclose the amount of any impact fees or adequate facility taxes  
24 paid.
- 25 8. Sellers are not required to disclose if any occupant was HIV-positive, or had any other disease not likely to be  
26 transmitted by occupying a home, or whether the home had been the site of a homicide, suicide or felony, or act or  
27 occurrence which had no effect on the physical structure of the property.
- 28 9. Sellers may provide an "as is", "no representations or warranties" disclaimer statement in lieu of the Disclosure form  
29 only if the buyer waives the right to the required disclosure, otherwise the sellers must provide the completed Disclosure  
30 form (See Tenn. Code Ann. § 66-5-202).
- 31 10. Sellers may be exempt from having to complete the Disclosure form in certain limited circumstances (e.g. public  
32 auctions, court orders, some foreclosures and bankruptcies, new construction with written warranty or owner has not  
33 resided on the property at any time within the prior 3 years). (See Tenn. Code Ann. § 66-5-209).
- 34 11. Buyers are advised to include home, wood infestation, well, water sources, septic system, lead-based paint, radon, mold,  
35 and other appropriate inspection contingencies in the contract, as the Disclosure form is not a warranty of any kind by  
36 the seller, and is not a substitute for any warranties or inspections the buyer may desire to purchase.
- 37 12. Any repair of disclosed defects must be negotiated and addressed in the Purchase and Sale Agreement; otherwise, seller  
38 is not required to repair any such items.
- 39 13. Buyers may, but do not have to, waive their right to receive the Disclosure form from the sellers if the sellers provide a  
40 disclaimer statement with no representations or warranties (See Tenn. Code Ann. § 66-5-202).
- 41 14. Remedies for misrepresentations or nondisclosure in a Property Condition Disclosure statement may be available to  
42 buyer and are set out fully in Tenn. Code Ann. § 66-5-208. Buyer should consult with an attorney regarding any such  
43 matters.

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15. Representations in the Disclosure form are those of the sellers only, and not of any real estate licensee, although licensees are required to disclose to all parties adverse facts of which the licensee has actual knowledge or notice.
16. Pursuant to Tenn. Code Ann. § 47-18-104(b), sellers of newly constructed residences on a septic system are prohibited from knowingly advertising or marketing a home as having more bedrooms than are permitted by the subsurface sewage disposal system permit.
17. Sellers must disclose the presence of any known exterior injection well, the presence of any known sinkhole(s), the results of any known percolation test or soil absorption rate performed on the property that is determined or accepted by the Department of Environment and Conservation, and whether the property is located within a Planned Unit Development as defined by Tenn. Code Ann. § 66-5-213 and, if requested, provide buyers with a copy of the development's restrictive covenants, homeowner bylaws and master deed. Sellers must also disclose if they have knowledge that the residence has ever been moved from an existing foundation to another foundation.

The Buyers and Sellers involved in the current or prospective real estate transaction for the property listed above acknowledge that they were informed of their rights and obligations regarding Residential Property Disclosures, and that this information was provided by the real estate licensee(s) prior to the completion or reviewing of a Tennessee Residential Property Condition Disclosure, a Tennessee Residential Property Condition Disclaimer Statement, or a Tennessee Residential Property Condition Exemption Notification. Buyers and Sellers also acknowledge that they were advised to seek the advice of an attorney on any legal questions they may have regarding this information or prior to taking any legal actions.

The Tennessee Residential Property Disclosure Act states that anyone transferring title to residential real property must provide information about the condition of the property. This completed form constitutes that disclosure by the Seller. The information contained in the disclosure is the representation of the owner and not the representation of the real estate licensee or sales person, if any. This is not a warranty or a substitute for any professional inspections or warranties that the purchasers may wish to obtain.

**Buyers and Sellers should be aware that any sales agreement executed between the parties will supersede this form as to the terms of sale, property included in the sale and any obligations on the part of the seller to repair items identified below and/or the obligation of the buyer to accept such items "as is."**

#### INSTRUCTIONS TO THE SELLER

Complete this form yourself and answer each question to the best of your knowledge. If an answer is an estimate, clearly label it as such. The Seller hereby authorizes any agent(s) representing any party in this transaction to provide a copy of this statement to any person or entity in connection with any actual or anticipated sale of the subject property.

#### A. THE SUBJECT PROPERTY INCLUDES THE ITEMS CHECKED BELOW:

- |  |   |  |
|--|---|--|
| <input type="checkbox"/> Range             | <input type="checkbox"/> Wall/Window Air Conditioning   | <input type="checkbox"/> Garage Door Opener(s) (Number of openers ____)                                |
| <input type="checkbox"/> Window Screens    | <input type="checkbox"/> Oven   | <input type="checkbox"/> Fireplace(s) (Number) ____  |
| <input type="checkbox"/> Intercom          | <input type="checkbox"/> Microwave  | <input type="checkbox"/> Gas Starter for Fireplace   |
| <input type="checkbox"/> Garbage Disposal  | <input type="checkbox"/> Gas Fireplace Logs   | <input type="checkbox"/> TV Antenna/Satellite Dish   |
| <input type="checkbox"/> Trash Compactor   | <input type="checkbox"/> Smoke Detector/Fire Alarm  | <input type="checkbox"/> Central Vacuum System and attachments   |
| <input type="checkbox"/> Spa/Whirlpool Tub | <input type="checkbox"/> Burglar Alarm  | <input type="checkbox"/> Current Termite contract  |
| <input type="checkbox"/> Water Softener    | <input type="checkbox"/> Patio/Decking/Gazebo   | <input type="checkbox"/> Hot Tub   |
| <input type="checkbox"/> 220 Volt Wiring   | <input type="checkbox"/> Installed Outdoor Cooking Grill                                      | <input type="checkbox"/> Washer/Dryer Hookups  |
| <input type="checkbox"/> Sauna             | <input type="checkbox"/> Irrigation System  | <input type="checkbox"/> Pool  |
| <input type="checkbox"/> Dishwasher        | <input type="checkbox"/> A key to all exterior doors  | <input type="checkbox"/> Access to Public Streets  |
| <input type="checkbox"/> Sump Pump         | <input type="checkbox"/> Rain Gutters   | <input type="checkbox"/> Heat Pump   |
| <input type="checkbox"/> Central Heating   | <input type="checkbox"/> Central Air  |  |
| <input type="checkbox"/> Water Heater      | <input type="checkbox"/> Electric <input type="checkbox"/> Gas <input type="checkbox"/> Solar |  |
| <input type="checkbox"/> Other _____       | <input type="checkbox"/> Other _____  |  |
| <input type="checkbox"/> Garage            | <input type="checkbox"/> Attached <input type="checkbox"/> Not Attached                       | <input type="checkbox"/> Carport   |
| <input type="checkbox"/> Water Supply      | <input type="checkbox"/> City <input type="checkbox"/> Well                                   | <input type="checkbox"/> Private <input type="checkbox"/> Utility <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Gas Supply        | <input type="checkbox"/> Utility <input type="checkbox"/> Bottled                             | <input type="checkbox"/> Other   |

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91 Waste Disposal ☐ City Sewer ☐ Septic Tank ☐ Other \_\_\_\_\_

92 Roof(s): Type \_\_\_\_\_ Age (approx): \_\_\_\_\_

93 Other Items: \_\_\_\_\_

94 \_\_\_\_\_

95 \_\_\_\_\_

96 To the best of your knowledge, are any of the above NOT in operating condition? ☐ YES ☐ NO

97 If YES, then describe (attach additional sheets if necessary):

98 \_\_\_\_\_

99 \_\_\_\_\_

100 \_\_\_\_\_

101 If leases are not assumable, it will be Seller's responsibility to pay balance.

102 **B. ARE YOU (SELLER) AWARE OF ANY DEFECTS/MALFUNCTIONS IN ANY OF THE FOLLOWING?**

|                       | YES                      | NO                       | UNKNOWN                  |                          | YES                      | NO                       | UNKNOWN                  |
|-----------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 103 Interior Walls    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Roof                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 104 Ceilings          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Basement                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 105 Floors            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Foundation               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 106 Windows           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Slab                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 107 Doors             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Driveway                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 108 Insulation        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Sidewalks                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 109 Plumbing System   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Central Heating          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 110 Sewer/Septic      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Heat Pump                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 111 Electrical System | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Central Air Conditioning | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 112 Exterior Walls    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |                          |                          |                          |                          |

113 If any of the above is/are marked YES, please explain:

114 \_\_\_\_\_

115 **C. ARE YOU (SELLER) AWARE OF ANY OF THE FOLLOWING:** YES NO UNKNOWN

|  |                          |                          |                          |
|--|--------------------------|--------------------------|--------------------------|
| 116 1. Substances, materials or products which may be environmental hazards              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 117 such as, but not limited to: asbestos, radon gas, lead-based paint, fuel             |                          |                          |                          |
| 118 or chemical storage tanks, methamphetamine, contaminated soil or                     |                          |                          |                          |
| 119 water, and/or known existing or past mold presence on the subject                    |                          |                          |                          |
| 120 property?  |                          |                          |                          |
| 121 2. Features shared in common with adjoining land owners, such as walls, but          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 122 not limited to, fences, and/or driveways, with joint rights and obligations          |                          |                          |                          |
| 123 for use and maintenance?   |                          |                          |                          |
| 124 3. Any authorized changes in roads, drainage or utilities affecting the              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 125 property, or contiguous to the property?   |                          |                          |                          |
| 126 4. Any changes since the most recent survey of the property was done?                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 127 Most recent survey of the property: <input type="checkbox"/> (check here if unknown) |                          |                          |                          |
| 128 _____  |                          |                          |                          |
| 129 5. Any encroachments, easements, or similar items that may affect your               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 130 ownership interest in the property?  |                          |                          |                          |
| 131 6. Room additions, structural modifications or other alterations or                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 132 repairs made without necessary permits?  |                          |                          |                          |
| 133 7. Room additions, structural modifications or other alterations or                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 134 repairs not in compliance with building codes?                                       |                          |                          |                          |
| 135 8. Landfill (compacted or otherwise) on the property or any portion                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 136 thereof?   |                          |                          |                          |

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|     |  | YES                      | NO                       | UNKNOWN                  |
|-----|--|--------------------------|--------------------------|--------------------------|
| 137 | 9. Any settling from any cause, or slippage, sliding or other soil problems?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 138 | 10. Flooding, drainage or grading problems?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 139 | 11. Any requirement that flood insurance be maintained on the property?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 140 | 12. Any past or present interior water intrusions(s) from outside home,  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 141 | standing water within foundation and/or basement?  |                          |                          |                          |
| 142 | If yes, please explain. If necessary, please attach an additional sheet  |                          |                          |                          |
| 143 | and any available documents pertaining to these repairs/corrections.   |                          |                          |                          |
| 144 |  |                          |                          |                          |
| 145 |  |                          |                          |                          |
| 146 |  |                          |                          |                          |
| 147 | 13. Property or structural damage from fire, earthquake, floods, landslides,   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 148 | tremors, wind, storm or wood destroying organisms?   |                          |                          |                          |
| 149 | If yes, please explain (use separate sheet if necessary).  |                          |                          |                          |
| 150 |  |                          |                          |                          |
| 151 |  |                          |                          |                          |
| 152 | If yes, has said damage been repaired? _____   |                          |                          |                          |
| 153 | 14. Any zoning violations, nonconforming uses and/or violations of   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 154 | "setback" requirements?  |                          |                          |                          |
| 155 | 15. Neighborhood noise problems or other nuisances?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 156 | 16. Subdivision and/or deed restrictions or obligations?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 157 | 17. A Condominium/Homeowners Association (HOA) which has any authority   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 158 | over the subject property?   |                          |                          |                          |
| 159 | Name of HOA: _____ HOA Address: _____  |                          |                          |                          |
| 160 | HOA Phone Number: _____ Monthly Dues: _____  |                          |                          |                          |
| 161 | Special Assessments: _____ Transfer Fees: _____  |                          |                          |                          |
| 162 | Management Company: _____ Phone: _____   |                          |                          |                          |
| 163 | Management Co. Address: _____  |                          |                          |                          |
| 164 | 18. Any "common area" (facilities such as, but not limited to, pools, tennis   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 165 | courts, walkways or other areas co-owned in undivided interest with others)?   |                          |                          |                          |
| 166 | 19. Any notices of abatement or citations against the property?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 167 | 20. Any lawsuit(s) or proposed lawsuit(s) by or against the seller which affects                                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 168 | or will affect the property?   |                          |                          |                          |
| 169 | 21. Is any system, equipment or part of the property being leased?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 170 | If yes, please explain, and include a written statement regarding payment  |                          |                          |                          |
| 171 | information.   |                          |                          |                          |
| 172 |  |                          |                          |                          |
| 173 |  |                          |                          |                          |
| 174 | 22. Any exterior wall covering of the structure(s) covered with exterior   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 175 | insulation and finish systems (EIFS), also known as "synthetic stucco"?  |                          |                          |                          |
| 176 | If yes, has there been a recent inspection to determine whether the structure  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 177 | has excessive moisture accumulation and/or moisture related damage?  |                          |                          |                          |
| 178 | <i>(The Tennessee Real Estate Commission urges any buyer or seller who encounters this product to have a qualified</i> |                          |                          |                          |
| 179 | <i>professional inspect the structure in question for the preceding concern and provide a written report of the</i>    |                          |                          |                          |
| 180 | <i>professional's finding.)</i>  |                          |                          |                          |
| 181 | If yes, please explain. If necessary, please attach an additional sheet.   |                          |                          |                          |
| 182 |  |                          |                          |                          |
| 183 |  |                          |                          |                          |
| 184 | 23. Is heating and air conditioning supplied to all finished rooms?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 185 | If the same type of system is not used for all finished rooms, please explain.   |                          |                          |                          |
| 186 |  |                          |                          |                          |
| 187 |  |                          |                          |                          |
| 188 |  |                          |                          |                          |

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|     |   | YES                      | NO                       | UNKNOWN                  |
|-----|---|--------------------------|--------------------------|--------------------------|
| 189 | 24. If septic tank or other private disposal system is marked under item (A), does  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 190 | it have adequate capacity and approved design to comply with present state          |                          |                          |                          |
| 191 | and local requirements for the actual land area and number of bedrooms and          |                          |                          |                          |
| 192 | facilities existing at the residence?   |                          |                          |                          |
| 193 | 25. Is this property in a historical district or has it been declared historical by | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 194 | any governmental authority such that permission must be obtained before             |                          |                          |                          |
| 195 | certain types of improvements or aesthetic changes to the property are made?        |                          |                          |                          |
| 196 | 26. Is there an exterior injection well anywhere on the property?                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 197 | 27. Is seller aware of any percolation tests or soil absorption rates being         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 198 | performed on the property that are determined or accepted by                        |                          |                          |                          |
| 199 | the Tennessee Department of Environment and Conservation?                           |                          |                          |                          |
| 200 | If yes, results of test(s) and/or rate(s) are attached.                             |                          |                          |                          |
| 201 | 28. Has any residence on this property ever been moved from its original            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 202 | foundation to another foundation?   |                          |                          |                          |
| 203 | 29. Is this property in a Planned Unit Development? Planned Unit Development        | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| 204 | is defined pursuant to Tenn. Code Ann. § 66-5-213 as "an area of land,              |                          |                          |                          |
| 205 | controlled by one (1) or more landowners, to be developed under unified             |                          |                          |                          |
| 206 | control or unified plan of development for a number of dwelling units,              |                          |                          |                          |
| 207 | commercial, educational, recreational or industrial uses, or any combination of     |                          |                          |                          |
| 208 | the foregoing, the plan for which does not correspond in lot size, bulk or type     |                          |                          |                          |
| 209 | of use, density, lot coverage, open space, or other restrictions to the existing    |                          |                          |                          |
| 210 | land use regulations." Unknown is not a permissible answer under the statute.       |                          |                          |                          |
| 211 | 30. Is a sinkhole present on the property? A sinkhole is defined pursuant to Tenn.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 212 | Code Ann. § 66-5-212(c) as "a subterranean void created by the dissolution of       |                          |                          |                          |
| 213 | limestone or dolostone strata resulting from groundwater erosion, causing a         |                          |                          |                          |
| 214 | surface subsidence of soil, sediment, or rock and is indicated through the          |                          |                          |                          |
| 215 | contour lines on the property's recorded plat map."                                 |                          |                          |                          |

**D. CERTIFICATION.** I/We certify that the information herein, concerning the real property located at

is true and correct to the best of my/our knowledge as of the date signed. Should any of these conditions change prior to conveyance of title to this property, these changes will be disclosed in an addendum to this document.

Transferor (Seller) \_\_\_\_\_ Date \_\_\_\_\_ Time \_\_\_\_\_

Transferor (Seller) \_\_\_\_\_ Date \_\_\_\_\_ Time \_\_\_\_\_

Parties may wish to obtain professional advice and/or inspections of the property and to negotiate appropriate provisions in the purchase agreement regarding advice, inspections or defects.

**Transferee/Buyer's Acknowledgment:** I/We understand that this disclosure statement is not intended as a substitute for any inspection, and that I/we have a responsibility to pay diligent attention to and inquire about those material defects which are evident by careful observation. **I/We acknowledge receipt of a copy of this disclosure.**

Transferee (Buyer) \_\_\_\_\_ Date \_\_\_\_\_ Time \_\_\_\_\_

Transferee (Buyer) \_\_\_\_\_ Date \_\_\_\_\_ Time \_\_\_\_\_

If the property being purchased is a condominium, the transferee/buyer is hereby given notice that the transferee/buyer is entitled, upon request, to receive certain information regarding the administration of the condominium from the developer or the condominium association as applicable, pursuant to Tennessee Code Annotated §66-27-502.

*NOTE: This form is provided by TAR to its members for their use in real estate transactions and is to be used as is. This form contains language that is in addition to the language mandated by the state of Tennessee pursuant to the disclosure requirements of the "Tennessee Residential Property Disclosure Act". Tennessee Code Annotated § 66-5-201, et seq. By downloading and/or using this form, you agree and covenant not to alter, amend, or edit said form or its contents except as where provided in the blank fields, and agree and acknowledge that any such alteration, amendment or edit of said form is done at your own risk. Use of the TAR logo in conjunction with any form other than standardized forms created by TAR is strictly prohibited. This form is subject to periodic revision and it is the responsibility of the member to use the most recent available form.*

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