

## USEFUL INFORMATION ABOUT REAL ESTATE TRANSACTIONS

**REALTORS®** are real estate licensees who, as members of the National Association of REALTORS® as well as the state and local Associations of REALTORS®, have pledged to the public and to each other that they will adhere to a strict code of ethics and high standards of professionalism, integrity and competence. REALTORS® are providing you with this information in order to assist you in making informed decisions when purchasing, selling or optioning real estate.

**SERVICES.** Regardless of whom they represent, REALTORS® can provide a variety of information and assistance to all parties in a real estate transaction. For example, REALTORS® can assist customers by performing ministerial acts such as supplying information about available properties and sources of financing, describing and showing properties, assisting in preparing and submitting purchase offers or counteroffers, or providing information about settlement procedures. REALTORS® acting as standard agents are required by Virginia law and by their Code of Ethics to treat all parties honestly and not knowingly give them false information, promptly present all written offers and counteroffers, disclose any adverse material facts actually known to them concerning the physical condition of a property, and offer properties without regard to race, color, religion, sex, handicap, familial status, elderliness or national origin, as well as any other classes protected by the Commonwealth of Virginia and applicable local jurisdiction.

**LEGAL REQUIREMENTS.** Virginia law requires that in order to be enforceable, all contracts for real property must be in writing. There is a recommended contract form that can be shown to you and that may be modified in any way to accommodate the needs of the parties. You have the opportunity to consult legal counsel concerning the contract as well as any other questions you may have about the various laws concerning real estate transfers that are referenced in the suggested contract form.

**FINANCING:** Mortgage rates and associated charges vary with financial institutions and the marketplace. Purchasers have the opportunity to select the lender and to negotiate terms and conditions of the loan. Such terms may be subject to seller's approval and lender's requirements. Borrowers also will be required to obtain a lender's title insurance policy. Purchasers may wish to obtain owner's title insurance coverage and may consult an attorney concerning this choice.

**INSURANCE:** The lender may require purchasers to buy a hazard insurance policy from the insurance company of their choice, subject to the lender's approval. Purchaser should be aware that many factors affect the availability and cost of hazard insurance on the Premises. Depending on the insurance company, these factors may include past insurance claims filed on the Premises, past insurance claims filed by Purchaser, and Purchaser's credit history. In addition, flood insurance may be required on the property. Purchaser should contact an insurance agent at the earliest opportunity to arrange for hazard insurance and, if necessary, flood insurance on the property.

**MASTER PLANS.** Prior to execution of a contract, purchasers may review the applicable Master Plan for the appropriate jurisdiction, including maps showing planned land use and proposed or actual parks, roads, or other facilities. These can be found at the planning offices of various jurisdictions and at some local libraries.

**PROPERTY CONDITION AND ENVIRONMENTAL MATTERS.** Various inspection services and home warranty insurance programs are available, and purchasers have the option to include in their offer to purchase a contingency that allows them to employ one or more experts of their choice at their expense to inspect the property and provide them with an analysis of its condition. Purchasers normally may also conduct a pre-settlement or pre-occupancy "walk-through" inspection of the property, but his inspection may be limited by the terms of the contract. REALTORS® do not have the expertise to advise concerning various conditions including but not limited to: major systems or structures; soil conditions; flood hazard areas; mold or air quality; possible restrictions on the use of the property due to restrictive covenants, zoning, subdivision or environmental laws, easements or other documents; airport or aircraft noise; planned land uses, roads or highways; including but not limited to construction materials and/or hazardous materials such as flame retardant treated plywood (FRT), radon, urea formaldehyde insulation (UFFI), polybutylene pipes, asbestos, synthetic stucco/EIFS, underground storage tanks or lead-based paint. Information about these issues may be obtained from appropriate governmental agencies such as the United States Environmental Protection Agency (EPA), the Virginia Department of Health, or local planning offices or health departments.

**RESPONSIBILITY.** Each party to a real estate transaction should carefully read all documents to be sure that the terms accurately express the understanding of the parties as to their intentions and the agreements they have reached. REALTORS® can counsel on real estate matters, but if legal or tax advice is desired, you should consult an attorney or a financial professional. If you have any questions about the roles and responsibilities of REALTORS® or about any other material presented here, please do not hesitate to ask for more information. You should also exercise whatever due diligence you deem necessary with respect to information on any sexual offenders registered under Chapter 23 (§19.2 - 387 et. seq.) of Title 19.2. Such information may be obtained by contacting your local police department or the Department of State Police, Central Criminal Records Exchange, at 804-674-2000 or [www.state.va.us/vsp/vsp.html](http://www.state.va.us/vsp/vsp.html).

#### **TYPES OF REAL ESTATE REPRESENTATION**

In an individual real estate transaction, if a brokerage firm ("Broker") has a contractual obligation to represent a buyer or a seller ("Client"), then the Broker shall promote the interest of the Client by exercising ordinary care and by:

- (a) performing the terms of their contractual agreement;
- (b) conducting marketing activities on behalf of the Client as provided in their brokerage agreement;
- (c) assisting the Client in drafting and negotiating offers and counteroffers, amendments, addenda, and in establishing strategies to accomplish the Client's goals;
- (d) obtaining a transaction at a price and terms acceptable to the Client;
- (e) presenting in a timely manner all written offer or counteroffers to and from the Client;
- (f) disclosing to the Client all material facts related to the property or concerning the transaction of which they have actual knowledge;
- (g) accounting for in a timely manner all money and property received in which the Client has or may have an interest.

Unless otherwise provided by law or the Client consents in writing to the release of information, the Broker shall maintain the confidentiality of all personal and financial information and other matters identified as confidential by the Client, if that information is received from the Client during the brokerage relationship.

In satisfying these duties, the Broker shall exercise ordinary care, comply with all applicable laws and regulations, treat all prospective buyers and sellers honestly and not knowingly give false information, and the Broker representing a buyer shall disclose whether or not the buyer's intent is to occupy the property as a principal residence. In addition, the Broker may show the same property to different buyer clients, represent sellers as well as buyers, or provide assistance to a seller or a buyer who is not a client by performing ministerial acts that are not inconsistent with the Broker's duties to the Client.

Seller representation occurs when sellers contract to use the services of their own Broker (known as a seller representative) to act on their behalf. Sellers may engage a Broker who provides standard services (§54.1-2131) or limited services (§54.1-2138.1). Your REALTOR® can provide you with more information about those options.

Buyer representation occurs when buyers contract to use the services of their own Broker (known as a buyer representative) to act on their behalf. Purchasers may engage a Broker who provides standard services (§54.1-2132) or limited services (§54.1-2138.1). Your REALTOR® can provide you with more information about those options.

Dual representation occurs when a buyer and seller in one transaction are represented by the same Broker and the same sales Associate. When the parties agree to dual representation, the ability of the Broker and the Sales Associate to represent either party fully and exclusively is limited. The confidentiality of all information of all clients shall be maintained as above.

Designated representation occurs when a buyer and seller in one transaction are represented by different Sales Associates affiliated with the same Broker. Each of these Sales Associates, known as a Designated Representative, represents fully the interests of a different client in the same transaction. Designated Representatives are not dual representatives if each represents only the buyer or only the seller in a specific real estate transaction. Except for disclosure of confidential information to the Broker, each Designated Representative is bound by the confidentiality requirements as above. The Broker remains a dual representative.

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Date                      Signature                      Date                      Signature

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