

# TEXAS REALTOR®

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July 2023 \$3.50

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TEXAS REALTORS



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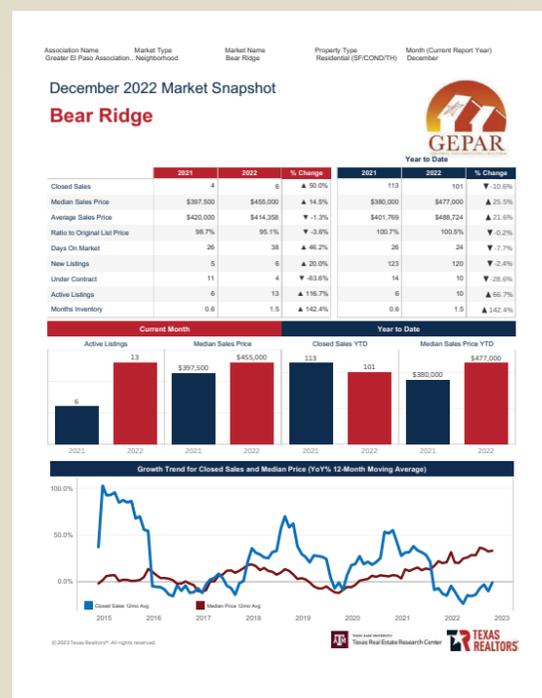
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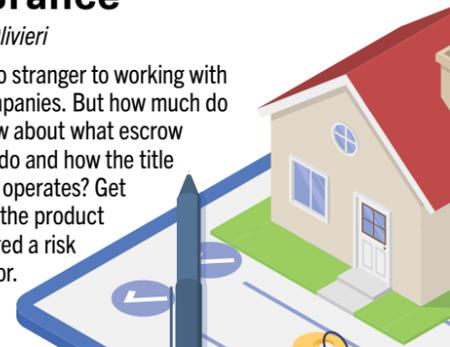


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by Joe Olivieri

You're no stranger to working with title companies. But how much do you know about what escrow officers do and how the title industry operates? Get to know the product considered a risk eliminator.





## Chairman's message

In 2005, my broker encouraged me to attend my first Texas REALTORS® conference since it would be in nearby Corpus Christi. (Yes, a two-hour drive is “nearby” when you live in Harlingen.) I wasn’t sure what to expect. Sure, I knew there would be education sessions and business events and social gatherings, but I had no idea what my actual experience would feel like or whether it would be worth my time.

Some of the details of that conference blur together with the many others I’ve attended in the years since, but I can tell you this: I came away energized with new information, enthusiasm, and a greater appreciation of our association and

experience you just won’t find anywhere else. You’ll hear stories from elected officials and political insiders about what’s really going on. You’ll earn CE credit, but the real value is the knowledge you’ll gain in education sessions on technology, marketing, sales, risk reduction, or another topic of your choosing.

You will laugh. Whether from a speaker’s anecdote, a colleague’s story from the real estate trenches, or an instructor describing a real transaction that went awry (probably all three and more), you will find lots of opportunities to smile. And you will get inspired. I’m really looking forward to hearing this year’s keynote speaker, retired U.S. Navy Four-Star Admiral William H. McRaven.

All this and I haven’t even mentioned the social events yet. There will be receptions, a gala, breakfasts, lunches, and dinners—and countless informal opportunities to network with other REALTORS® between sessions or while strolling on the River Walk during off times.

I know a top reason members come to a Texas REALTORS® conference for the first time is that a colleague or broker asks them. If that hasn’t happened to you yet, consider this my personal invitation. And while you’re at the conference, please say hi to me and other association officers and let us know it’s your first time attending. See you in San Antonio!

**Marcus Phipps**

industry. I had spent time among some of the brightest people in real estate. I learned new ideas for how to do business and what trends to prepare for in the future. Most important of all, I met people who have become some of my closest business contacts and friends.

If you’ve never been to a Texas REALTORS® conference, I’ll share what it’s like and why you should come to the Shaping Texas Conference being held in San Antonio September 7-10. There’s an excitement to the events—a feeling that you’re getting information and an

Scan the code to learn more about the Shaping Texas Conference and register, or visit [texasrealestate.com/conference](https://texasrealestate.com/conference).



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## Sustainability summit coming to Austin September 12-13

Whether you’re a broker, property manager, appraiser—or even new to the industry—count yourself among the forward-thinking real estate pros at the 2023 NAR Sustainability Summit. This can’t-miss event provides you with insights, strategies, and networking opportunities to help you contribute to positive change, build resiliency in your business, and propel your sustainable initiatives to new heights.

You’ll learn best practices and innovations, how sustainability is transforming the real estate profession, and much more. Build connections with REALTORS® and industry professionals from around the country to increase your value proposition to clients and your community.

Register by July 31 ([nar.realtor/events/sustainability-summit](https://nar.realtor/events/sustainability-summit)) to take advantage of early bird pricing!



## Look No More Me On File has you covered.

Have you ever turned your house upside down, searching for an important document that you know you have but just can't find? Have you or a family member ever been at the doctor's office and needed to know something about your health history or medications that you couldn't remember? Fret no more.

With the latest Texas REALTORS® member benefit, Me On File, you can store important information and documents in a secure digital filing cabinet.

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## WHAT'S YOUR OPINION?

The *Texas REALTOR*® readership survey is your chance to tell the editors what you think of this magazine. Scan the QR code or visit [texasrealestate.com/survey](https://texasrealestate.com/survey) to provide input on what you like or dislike, your reading preferences, and what topics you'd like to see in future issues. Take the survey by July 31 to be entered into a drawing for a \$100 gift card.



## Translating Great Service Into Any Language

Not every client or prospect speaks fluent English. But there are tools and resources available so you can offer real estate guidance in any language.

**Download translation apps to your smartphone.** Google Translate and Microsoft Translator are two of many available options. Search the Apple App Store or Google Play Store. You can also ask automated assistants, such as Siri, for translation help.

**Texas REALTORS® offers Spanish and Vietnamese translations of common forms,** such as the *Residential Lease* (TXR 2001) and the *One to Four Family Residential Contract (Resale)* (TXR 1601, TREC 20-17). Only English forms can be used in transactions, but the translations can help buyers, sellers, landlords, and tenants better understand the English forms. Visit [texasrealestate.com/realtorforms](https://texasrealestate.com/realtorforms) to search the translations.

**NAR's Spanish-language site,** [nar.realtor/nar-en-espanol](https://nar.realtor/nar-en-espanol), features step-by-step guides on buying and selling homes as well as NAR's Window to the Law video series with Spanish subtitles.

**The Texas Real Estate Research Center's *English-Spanish Real Estate Glossary*** covers 787 terms. The glossary includes pronunciation and is available as an e-book: [recenter.tamu.edu/education/english-spanish-glossary](https://recenter.tamu.edu/education/english-spanish-glossary).

You know your real estate market better than anyone. Consider the following actions if your brokerage frequently works with clients and prospects who speak little to no English.

- Take time to learn the language your clients speak. Even simple conversations will help build rapport. Plus, the more you learn, the more skillfully you can use translation apps to say what you want to convey.
- Encourage your broker to prioritize hiring bilingual agents to best serve buyers, sellers, and renters.
- Join multicultural allied groups, such as the National Association of Hispanic Real Estate Professionals (NAHREP) and the Asian Real Estate Association of America (AREAA). You can network with fellow REALTORS®, learn more about important topics to your client base, and strengthen your community ties.
- Research bilingual vendors to help with the real estate transaction. Your clients may need to hire a lawyer, appraiser, or mortgage professional. You can also provide value through your referrals.
- Hire interpreters for longer or more complicated conversations. Some, such as sign language interpreters, can provide services via video call.

If you find yourself unable to help, the best option may be to refer your client or prospect to someone who can.



## FINDING A HOME IN POLITICS

### Member offers campaign support to REALTOR®-friendly candidates.

Although she didn't know it at the time, Kristy Wages's love of politics started early.

"I found myself having very strong beliefs about our power to vote and who I saw in leadership roles in our state," she says. "I come from a very patriotic family. We stood up for the flag when it passed by. We respected our president no matter which party he was from."

It wasn't until a few years into her real estate career that Wages found a way to bring her passion for politics to work.

The broker/owner of Palestine Realty helped her friend, a former REALTOR® and TREPAC trustee, run for a state representative seat. "I am so proud to now see Rep. Cody Harris in his third term," she says.

That campaign inspired Wages to work with other REALTOR®-friendly candidates in local, regional, and statewide races.

Today Wages serves on the Texas REALTORS® Political Involvement Committee representing Region 5. She is also NAR's Federal Political Coordinator to U.S. Rep. Lance Gooden. "Representing our state on the national level for my member of Congress is a dream!" she says.

"Rep. Gooden is such a supporter of our industry!" she continues, adding that the representative's wife is also a REALTOR®. "I am lucky to be assigned to him. He's also on the Housing Committee."

Wages says one of the biggest challenges is working a clean campaign against an opponent who isn't playing the right way. "I refuse to get into dirty politics," she says.

While Wages always keeps it truthful, she looks for ways to make campaigning fun and memorable. "I love to campaign with my dog, Betti. She even has her own campaign skirt!"

Politics has been a great fit for Wages. In 2018, she was honored with the Texas REALTORS® Strike Force Award for grassroots advocacy. Later that year, she was chosen among Strike Force winners to receive the prestigious Grassroots Advocate of the Year Award.

Wages credits Texas REALTORS®'s bipartisan approach with connecting her with exceptional REALTORS® throughout the state. "In my real estate career, I found out we are better together," she says. "Our numbers make our voices heard and become one!"



### Looking to make your time behind the wheel more productive?

Listen to *Drive With NAR*, a podcast from REALTOR® Magazine. The monthly program features REALTOR® hosts and guests discussing topics like how to help clients get objective information about schools, what to do about the inventory shortage, how new agents can show their value to clients, and what to do if you are a victim of ransomware. Episodes run 20 to 30 minutes and can be found on Apple Podcasts, Spotify, Stitcher, and online at [nar.realtor/magazine/drive](https://nar.realtor/magazine/drive).



55% of Texas homebuyers consider commuting costs very or somewhat important.

SOURCE: 2022 Profile of Texas Homebuyers and Sellers

## Adopted and Proposed Rule Changes From May TREC Meeting

The Texas Real Estate Commission took a road trip to Houston for its May 16 meeting. The agenda and materials are available at TREC's website ([trec.texas.gov/apps/meetings/](http://trec.texas.gov/apps/meetings/)). Below are highlights relevant to your business.

### Adopted Rule Changes

#### Timely Response Required

The commission approved new rule 535.157, requiring a broker or sales agent to respond to his or her principal, a broker or sales agent representing another party to a real estate transaction, or an unrepresented party to a real estate transaction within two calendar days. While a sponsoring broker or designated supervisor has always been (and will still be) required to respond to sponsored sales agents, clients, and license holders representing other parties in real estate transactions, the new rule clarifies that all brokers and sales agents are required to make a timely response to others engaged in a real estate transaction, considered by TREC to be from offer to close. The change took effect June 11.

#### Engaging in a New Type of Brokerage Activity

A change to rule 535.2(i)(5) increases the minimum number of times that a sales agent who performs a type of real estate brokerage activity must receive coaching or assistance from a competent, experienced license holder from one time to three times. The change took effect June 11.

#### Unauthorized Practice of Law

Based on recommendations from the unauthorized-practice-of-law working group, the commission adopted changes to TREC rules defining "informational items" to mirror the new language in Paragraph 11 of the commission's contract forms and to continue to allow attorney-drafted brokerage forms to be used by license holders. The change took effect June 11.

#### Renewal After License Expiration

Current rule 535.93 allows license holders to renew within six months after the expiration date of their license without any lapse in active licensure as long as certain certifications are met. The change to this rule now requires a license holder who renews within six months after the expiration date to automatically renew on inactive status, requiring a \$250 reactivation fee. The change takes effect October 1.

#### Brokerage Course Now Required for SAE

The changes to rule 535.55 require the revised 30-hour Real Estate Brokerage course to be part of the 90 hours of Sales Agent Apprentice Education (SAE). TREC's revisions to the Real Estate Brokerage course, in rule 535.64, are intended to address expectations sales agents should have of their sponsoring brokers and what brokers should anticipate when sponsoring a sales agent. The change takes effect October 1.

### Proposed Rule Changes

One significant proposed rule change would allow license holders to receive up to 4 hours of CE elective credit for attending one commission meeting per renewal cycle. TREC currently allows credit for attending the February commission meeting held during the Texas REALTORS® Winter Meeting.

This and other proposed rules will be available for public comment on the *Texas Register*, and the full text of the changes can be found in the meeting materials. The next TREC meeting takes place August 7 in Austin.

## LEGAL & ETHICS

### CAN I COLLECT A FEE FROM THE SELLER AND THE BUYER IN THE SAME TRANSACTION?

Yes, but The Real Estate License Act states that, as a license holder, you may only receive compensation from more than one party in a transaction if you have the full knowledge and consent of all parties. It's a good idea for you to get the necessary consents in advance and in writing.

In addition to the legal requirement, Article 7 of the REALTOR® Code of Ethics states that "in a transaction, REALTORS® shall not accept compensation from more than one party, even if permitted by law, without disclosure to all parties and the informed consent of the REALTOR®'s client or clients." However, the legal requirement puts a greater obligation on you than the REALTOR® Code of Ethics because it requires the consent of all parties in a transaction and not just the consent of the REALTOR®'s client.



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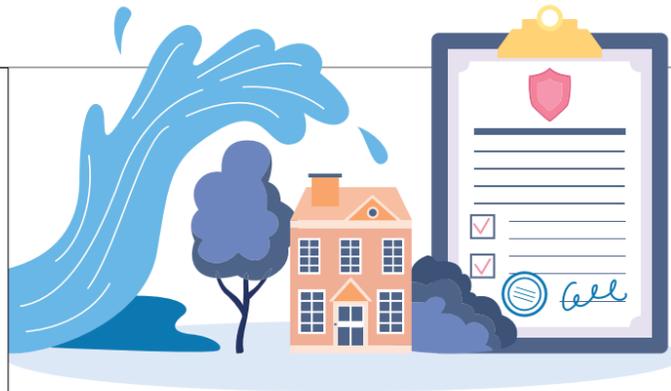
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Contract Closeup

**ADDENDUM FOR SALE OF OTHER PROPERTY BY BUYER**

In certain transactions, buyers may wish to make their contracts contingent on them receiving the proceeds from the sale of their current home. In this situation, the buyer will attach the *Addendum for Sale of Other Property by Buyer* (TXR 1908, TREC 10-6) to the contract. While this provides the buyer with the benefit of the contingency, in return, it affords the seller a benefit as well. The seller may continue to receive, negotiate, and accept back-up offers, which would then allow the seller to ask the first buyer to waive the contingency if a better offer is received.

When a seller receives a back-up offer with more favorable terms than the first offer, the seller must execute the second offer with the *Addendum for Back-up Contract* (TXR 1909, TREC 11-7) attached. The seller can then use *Notices Regarding Contingency Under Addendum for Sale of Other Property by Buyer* (TXR 1912) to notify the first buyer of the accepted back-up offer and to allow the first buyer to either waive the contingency or terminate the transaction. Just because the seller has received a back-up offer does not give the seller the ability to ask the first buyer to waive the contingency.



**Fact or Fiction**

My seller client provided the *Seller's Disclosure Notice* (TXR 1406), which notes flood insurance coverage due to the property's presence in a special flood hazard area. The buyer has already signed, acknowledging receipt of the disclosure. That means my client and the buyer must also sign the attached *Information About Special Flood Hazard Areas* (TXR 1414).

**FICTION.** Neither party is required to sign the *Information About Special Flood Hazard Areas*, even if a buyer has already signed the *Seller's Disclosure Notice*.

It's still a good idea to ask any principal who has been given the form to sign the acknowledgement receipt. If the principal does not want to sign the form, the agent could note the delivery of the form in his or her file.

If the *Information about Special Flood Hazard Areas* is being provided separately from the *Seller's Disclosure Notice*, it is a good idea to ask for a principal's signature acknowledging receipt of the form.

Note that the form should also be provided to buyers in situations where the seller isn't required to provide a seller's disclosure notice or where there is no flood insurance coverage on the property at the present time but there are concerns about the construction or location of the property related to special flood hazard areas.

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**From the Hotline**

**800-873-9155**

**MEMBERS HAVE BEEN ASKING HOW THEIR CLIENTS CAN INITIATE THE MEDIATION PROCESS WHEN THEY ARE IN A DISPUTE WITH THE OTHER PARTY.**

The TREC contracts require that any dispute not resolved by informal negotiation be submitted to a mutually acceptable mediator. To begin the process, the client can perform internet research on local mediation service providers. Additionally, some counties have dispute resolution centers where parties can obtain mediation services. For a list of dispute resolution centers in Texas, visit [guides.sll.texas.gov/legal-assistance-organizations/dispute-resolution](http://guides.sll.texas.gov/legal-assistance-organizations/dispute-resolution). Both parties to the dispute have to agree on which mediation service provider to use and must split the cost of the mediation equally.

Remember that the dispute is between the parties—not the agents or brokers. You may be able to provide documents or facts that your clients need for their mediation, but take care not to participate in any manner that could be construed as the unauthorized practice of law. If your clients require assistance with the mediation process, they should consult with a private attorney to obtain that assistance.

—Ryan Bauman, Staff Attorney



**HOW TO MITIGATE RISK IN YOUR BUSINESS**

Earning the Texas Risk Reduction Specialist certification will help you identify—and avoid—potential liabilities in your transactions.

This isn't a one-size-fits-all course. You must complete the 3-hour Introduction to Risk Reduction. Then you can tailor the other required 12 hours of electives to your business—commercial, residential, property management, or brokerage and management issues.

Visit [texasrealestate.com/trrs](http://texasrealestate.com/trrs) to get more information and see upcoming course dates.



# Building a better Texas

## Broadband improvements and water infrastructure top the list of REALTOR® wins at the 88<sup>th</sup> Texas Legislature

by Morgan O'Hanlon

### By the numbers:

- Texas REALTORS® followed 1,848 of the 8,153 bills and joint resolutions filed in the regular session.
- 53 REALTOR®-supported bills passed (5 of which were vetoed).
- 0 bills opposed by the association reached the finish line.

The regular session of the 88<sup>th</sup> Texas Legislature that ended on May 29 brought numerous victories for REALTORS® and private property rights.

Thanks to your grassroots advocacy efforts on REALTOR® Day, and the work of Texas REALTORS® staff at the Capitol throughout the legislative session, the state made strides in REALTOR®-priority policy areas. Overall, lawmakers helped prepare Texas for continued growth and prosperity by improving the state's infrastructure, reimagining economic development, and increasing housing affordability. The association also advocated for several bills that will preserve private property rights and simplify business for REALTORS® in Texas.

### Investing in the Future

Texas is preparing for the state's population and business environment to continue to soar through fortification of our water infrastructure. **SB 28** will create a fund to help support projects that support this critical component of the state's infrastructure.

More Texans across the state will be able to access high-speed internet, advancing educational and work opportunities in rural Texas, thanks to **HB 9**. Those bills will create a similar mechanism to finance new broadband infrastructure projects. The legislature also passed **SB 1238**, which will maximize the amount of federal funding Texas can receive to improve this infrastructure.

**SJR 75** and **HJR 125**, the two constitutional resolutions accompanying these infrastructure bills, will place funding for these packages on the November ballot for voter approval.



Stay informed. Subscribe to the Legislative Liaison newsletter at [texasrealestate.com/liaison](https://texasrealestate.com/liaison).

### Energizing the Economy

Companies have a new incentive to relocate to Texas thanks to **HB 5**. This bill will create a means for companies to receive property tax relief in exchange for providing jobs and other economic boons to their communities.

### Housing Affordability

Texas REALTORS® aimed to help tackle the state's housing affordability challenges by supporting bills that would reduce unnecessary bureaucratic hurdles for builders, remove red tape, and limit the ability of local governments to place undue restrictions on density.

**HB 14** is a major housing affordability bill that will reduce delays caused by backlogs in local authorities' review processes. The bill would allow approved third parties (including any licensed engineer) to review builders' development permits and inspections if local authorities fail to review and make decisions on those applications within two weeks.

### Private Property Rights

This session, Texas REALTORS® extended reform of property owners associations that was spearheaded during the last legislative session. **HB 1193** will prevent HOAs from dictating what form of rent payments property owners can or cannot accept.

Property rights legislation this session also took the form of prohibiting municipalities from overreaching regulation of property owners. **HB 1750** and **HJR 126** reduce the ability of cities to place limitations on agricultural activity property owners may conduct on their land. **HJR 126** will also be on the November ballot for public approval.

### Real Estate Transactions

Texas REALTORS® worked to make business transactions easier for its members by supporting bills that promote clarity and accountability.

**HB 19** creates a business specialty court to streamline resolutions of business disputes. This bill would strengthen Texas's reputation as the best state in which to conduct business and give businesses confidence in the Texas legal system by ensuring the court is staffed by qualified and skilled judges. For REALTORS®, the creation of this court would create peace of mind in case deals go awry. ★

**MORGAN O'HANLON** is Advocacy Communications Manager for Texas REALTORS®.



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## REINING IN PROPERTY TAXES

Skyrocketing property taxes were at the top of lawmakers' minds as they considered methods to rein in the growing bills Texas homeowners receive in the mail each year. As of publication time, lawmakers are in a special called session of the 88<sup>th</sup> Texas Legislature while they continue to weigh the best proposals to achieve these results. Here's a rundown:

- Compression: Adding state funds to public schools to reduce the local school district tax burden on homeowners.
- Homestead exemption: The Senate is pushing hard to increase the tax exemption on Texas primary residences from the current \$40,000 to \$100,000.
- Business personal property tax: During the regular session, the Senate supported increasing the maximum amount allowed under this exemption from \$2,500 to \$25,000.
- Appraisal cap: During the regular session, the House voted to lower the existing 10% cap on year-over-year residential appraised values to 5% and expand it to apply to all real property. Texas REALTORS® does not support this method of reining in property taxes.

## VETOED

Two REALTOR®-priority bills became political casualties after they were vetoed at the eleventh hour by Gov. Greg Abbott. The governor vetoed 76 bills from the regular session—the second-highest number of vetoes ever issued in Texas. The death of these bills was a big loss in an ongoing disagreement between the House and Senate over property taxes. As the Senate holds out on passing the property tax relief plan preferred by the governor, many of these vetoes seem intended to prod the lieutenant governor to action.

The below policies passed with overwhelming support during the regular session, and Texas REALTORS® looks forward to pushing similar bills past the finish line in another legislative session.

- **SB 1668** would have extended a law passed in 2021 that increased transparency and accountability of owners associations to also cover condo owners associations, including a cap on resale certificate fees.
- **SB 1916** would have required central appraisal district websites to include municipal and county public improvement district assessments on property records searches.



# 88<sup>th</sup> Legislature REALTOR<sup>®</sup> Champions

Texas REALTORS<sup>®</sup> proudly recognizes these members of the 88<sup>th</sup> Texas Legislature for their dedication to real estate consumers and private property rights.

## Texas Senate



Sen. Paul Bettencourt  
R-Houston



Sen. Bryan Hughes  
R-Mineola



Sen. José Menéndez  
D-San Antonio



Sen. Tan Parker  
R-Flower Mound



Sen. Charles Schwertner  
R-Georgetown

## Texas House



Rep. Greg Bonnen,  
R-Friendswood



Rep. DeWayne Burns  
R-Cleburne



Rep. Dustin Burrows  
R-Lubbock



Rep. Ryan Guillen  
R-Rio Grande City



Rep. Cody Harris  
R-Palestine



Rep. Todd Hunter  
R-Corpus Christi



Rep. Ken King  
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Rep. Oscar Longoria  
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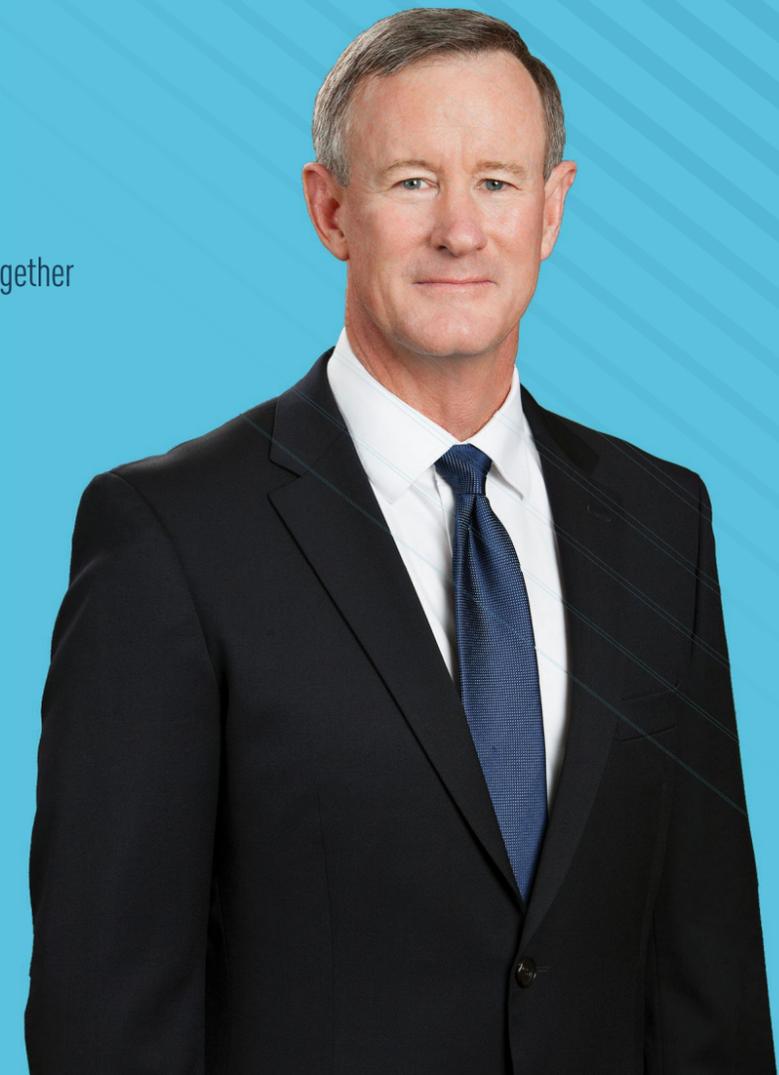
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# Understanding Title Insurance

## What You Need to Know About the "Risk Eliminator."

by Joe Olivieri



You're no stranger to working with title companies. Escrow officers help your clients get title insurance and coordinate closings, among other tasks. But how much do you know about what they do and the title industry as a whole?



Dawn Enoch Moore

Title insurance is essential to the real estate and lending industries, says Dawn Enoch Moore, founder of Allegiance Title Company. Without it, your clients couldn't feel confident they truly own their homes—or borrow against their collateral.

### ENSURING OWNERSHIP

Title insurance is different than other types of insurance.

Most consumer insurance policies—think car or homeowners insurance—assume risk. A policy gives you money if an adverse event qualifies for reimbursement.

### How Far Back Can They Search?

The Texas Department of Insurance requires title companies to be able to search back to 1979. However, most title plants can search further back than that, says Moore. Title companies can find starter files that refer to older documents. A 1990 starter file may include background information on a 1940s easement, she says.

A few microfilm records go all the way back to the beginning of title history in Texas and were authorized by the king of Spain, she notes.

### Seller Impersonation Fraud

The biggest issue the title industry is dealing with right now is seller impersonation fraud.

"Bad actors are impersonating sellers and engaging the services of real estate agents," Moore says. "It's fraud, but to an agent, it can sound legitimate. We have 10 underwriters, and we're probably getting three memos a week, warning everyone about a particular person or property."

To learn more, read the article on page 22.

**TELL BUYERS AND SELLERS THAT ALL LEGAL DOCUMENTS SHOULD BE REVIEWED IF NOT PRODUCED BY THE CLIENT'S ATTORNEY.**

In contrast, title insurance eliminates risk. For a one-time fee, you get an assurance that title will not be taken away from you once you own the property. That's because the title company will defend against any lawsuits attacking title, or if there is a covered loss (such as the title being vested in an owner different from the one stated on the policy), the title company will compensate you for the amount of the policy.

Title companies do this by searching property history to ensure there are no unpaid debts, liens, or heirs that could contest the buyer's ownership. Companies also resolve any fraud or forgery found in the chain of title before the buyer purchases the property.

### DISCOVERING PROPERTY HISTORY

How can title companies ensure no valid claims can be made against the buyer's ownership?

To be licensed in Texas, title companies must own or lease a title plant: special software or a filing system to search geographically indexed title records. Escrow officers search the records using a property's legal description and review a run sheet of property information. Officers also search for the buyer's and seller's names to ensure there are no tax or judgment liens filed, Moore says.

In the rare event that a county does not have a local title agent with geographically indexed title records, title professionals have to go to the county courthouse and manually do a grantor-grantee search. That's tracing the property history backward one sale at a time.

Most properties need some kind of correction, or curative work, to their title information, according to Moore. It may be something simple like correcting a prior instrument with an error in the legal description, ordering proof of a mortgage payoff, or ordering homeowners or property association information. If the problem is small, the title companies can handle it themselves with the seller's permission.

The escrow officer's work depends on the property, Moore says. "If a property has changed hands often and everything's up to date, we could close in as little as three days."

Working on a property that's been in the same family for generations is not as easy as you might think, though. Title agents need to trace the property back through probate and wills to determine heirship. That may take 30 to 45 days.

Officers must also do significant work when a deceased homeowner's estate isn't organized, she says, such as if there is no will. "We have to make sure there are no unknown heirs. Sometimes people sign affidavits and they forget to include someone, or they don't think an estranged son is entitled to the property. We have to search obituaries or just Google these people."

Complex issues, such as untangling IRS tax or judgment liens, bankruptcies, or imminent foreclosures, may require involving attorneys. Title companies can work to get lien releases against the property, but these do not release the debtor from any personal liability on the debt if a balance remains.

### What Does an Escrow Agent Do?

An escrow agent can countersign title insurance forms, supervise the preparation and signing of title insurance forms, sign escrow checks, and close the transaction, according to the Texas Department of Insurance (TDI). TDI issues two-year licenses to escrow agents, who must complete continuing education. On-the-job training is key for escrow agents, Moore says.

**WHO PAYS FOR THE TITLE POLICY IS NEGOTIABLE, BUT THE COMMON PRACTICE IN TEXAS IS THAT THE SELLER PAYS FOR THE BASIC INSURANCE. ALL TREC-PROMULGATED FORMS AND TEXAS REALTORS® COMMERCIAL CONTRACT FORMS INDICATE THAT SELLERS, AT THEIR EXPENSE, WILL FURNISH BASIC COVERAGE TITLE INSURANCE TO BUYERS. EXTENDED COVERAGE MAY BE OBTAINED BY THE PARTIES, WHO MAY NEGOTIATE WHO PAYS FOR IT.**

### WHY TITLE MATTERS

In theory, you can buy and sell a property without title insurance, Moore says. If you pay cash and all of the paperwork is clean and in order, it can be done. But doing so comes with risks.

For the vast majority of transactions, title insurance builds the trust required to conduct business. Buyers want to know they truly own the property.

Homeowners take out second mortgages and borrow against their homes to pay for a child's education, for example. Clean title records allow this to happen.

Title insurance is the product title companies offer, but title companies also offer other important services during the real estate transaction. "We collect the funds, liens, and bills, and then handle the final exchange between buyer and seller," Moore says. "Then we record the transaction and make sure everything's in the deed and that ownership passes."

Title companies handle the actual closing and amend all of the records so everything's up to date and accurate. If title companies disappeared tomorrow, the property records would be in disarray within five years, Moore estimates. "We are constantly cleaning them up and correcting legal documents, sometimes requiring the prior owners' signatures. And if you wait a few years, you may have to track down the executor of the owner's estate."

### HOW YOU CAN MAKE THE TITLE PROCESS SMOOTHER

Moore advises agents and brokers to maintain good communication with escrow officers.

Real estate professionals shouldn't expect the process to be seamless or that escrow officers will never need to talk with clients. Questions will arise, but with good communication, surprises won't, Moore says.

Staying in touch is essential for preventing fraud during the transaction, she adds. "We have to be more cautious and make sure the people reaching out to us are the legitimate sellers." Agents should know their sellers, do due diligence in verifying information, and stay in contact with escrow officers.

"Good communication is so important. Work with us as a team and we can figure it out together." ★

**JOE OLIVIERI** is a business writer who has written for several publications, including Texas REALTOR®.

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# BUY, SELL, LEASE ... RENDER AID?

How Real Estate Agents Can Help During  
a Medical Emergency. by Joe Olivieri



**Medical emergencies can happen at any time—even while you are doing your job as a real estate professional. A visitor at an open house could suddenly feel ill or a client might get injured during a showing.**

It may take minutes for first responders to reach you. Your help can make a big difference—or even save a life.

Bryan Cruze worked as a firefighter and emergency medical technician for 16 years before becoming an agent with Keller Williams Flower Mound. He offers the following advice so agents can be prepared when a medical emergency happens.

## BEFORE AN EMERGENCY

**Get Training.** Introductory first aid courses are a great idea for agents, Cruze says. Your local fire department or the American Heart Association may offer safety courses.

“I would encourage people to take the time to learn CPR,” he adds. According to the American Heart Association, CPR performed immediately can double or triple the chance of survival for someone experiencing an out-of-hospital cardiac arrest.

Cruze notes that modern CPR techniques don’t require mouth-to-mouth resuscitation, which makes many people uncomfortable. “It’s about getting blood to the brain. If the heart can’t do it, your hands can do it.”

Training also can help you identify emergencies such as heart attacks, strokes, and seizures.

**Have a First Aid Kit Handy.** Cruze says you can buy a good kit for around \$20-\$30 or make your own. The American Red Cross has information on its website about how to assemble one. Controlling bleeding is one of the likely needs in many emergencies, so create your kit with that in mind. Keep a kit in your car when you are in the field and know where your office’s kit is stored.

**Check Your Office Policies.** Cruze suggests that brokerages have policies and procedures on file for how to handle emergencies. He also recommends having an automated external defibrillator (AED) in the office. Your brokerage may be able to apply for a grant to offset the cost. There are government programs and private civic groups that offer financial assistance.

## DURING AN EMERGENCY

**Pay Attention.** By knowing what to look for, you can stay alert and quickly identify potential medical problems. “If you see an agent or client not acting right—they’re slurring their speech, etc.—don’t blow it off. Ask them questions and if they’re not answering them correctly, it’s better to call 911 to be sure. If they aren’t alright, damage is being done every second you wait.”

**Don’t Panic.** “Stay calm. Call 911 and get help on its way.” Know your location and how to describe it: addresses, local landmarks, even what you see around you. This is especially important if you are showing a farm & ranch property and are not close to larger roads.

**Don’t Move the Person You’re Trying to Help.** “If someone falls, don’t try to move them around,” he says. “If they fell, they may have injured their spine, and if you move them, you might be doing more damage than good.” Don’t try to free anyone from a car wreck.

**Start Assigning Tasks.** “For the people around who aren’t helping, give them a job,” Cruze says. “If you know CPR, ask someone else to call 911, so you can focus on CPR. Give the sick or injured person some space; ask any bystanders to stand back or help out. Have someone else get the first aid kit or a blanket. People want to help but they don’t know what to do.” ✦

**JOE OLIVIERI** is a business writer who has written for several publications, including *Texas REALTOR*®.



**If you see an agent or client not acting right—they’re slurring their speech, etc.—don’t blow it off. Ask them questions and if they’re not answering them correctly, it’s better to call 911 to be sure.**



—Bryan Cruze

## WHAT ABOUT MY LIABILITY?

Good Samaritan laws will generally protect you if you helped someone in a responsible way. The Texas Civil Practice and Remedies Code says, “a person who in good faith administers emergency care is not liable in civil damages for an act performed during the emergency unless the act is willfully or wantonly negligent.”

“If someone’s having a heart attack and you’re calling 911 and doing chest compressions until help arrives, you’re not responsible for anything that happens to that person,” Cruze says. If you take action, though, you may just save a life.

## TRAINING AND RESOURCES NEAR YOU

AED resources, products, and training, [aed.com](http://aed.com)

American Heart Association training, [cpr.heart.org](http://cpr.heart.org)

American Red Cross how to make a first aid kit, [redcross.org/get-help/how-to-prepare-for-emergencies/anatomy-of-a-first-aid-kit.html](http://redcross.org/get-help/how-to-prepare-for-emergencies/anatomy-of-a-first-aid-kit.html)

American Red Cross training, [redcross.org/local/texas/take-a-class/first-aid](http://redcross.org/local/texas/take-a-class/first-aid)

Stop the Bleed, [stopthebleed.org/training/](http://stopthebleed.org/training/)

# BEWARE OF FRAUDULENT SELLERS

Learn how to identify and stop scammers who impersonate property owners.

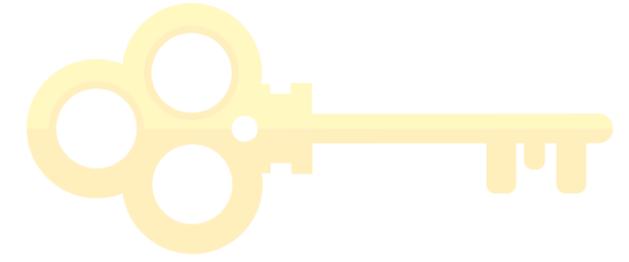
by Joe Olivieri



**BROKERS:** Download a PDF to share with your agents about red flags and best practices for preventing seller impersonation fraud.



**It's easy to hit the ground running as soon as a new listing comes in. You want to start providing excellent service for your new client! But before you list that property on the MLS, take a few moments to make sure sellers are who they say they are.**



Criminals are pretending to be owners of property to steal funds from innocent buyers. They're also putting you at risk of lawsuits and even losing your license.

Seller impersonation fraud has exploded over the last nine months, says Leslie Johnson, Vice President and Texas State Counsel for WFG National Title Insurance Company.

Title insurance underwriters across the country are handling many claims for those attempts that succeed, according to Johnson.

"The risks here are real. We're seeing fraudulent sales attempts across the state daily," she says. "A lot of it can be stopped with common sense and due diligence on the front end. It comes down to knowing your customer."

## What's the con?

The fraud usually goes like this: A criminal finds a suitable property—often unoccupied properties such as vacant land, short-term rental property, or a second home—and reaches out to a listing agent.

Then the "seller" will tell the listing agent that they aren't available for an in-person closing because they are traveling or live out of state and need to do everything remotely. Oftentimes, they will want to list below market value and push for a fast closing.

"It's very easy now to contact an agent and say, 'I want to sell the property.' And all of the communication is via email or text so you never meet the fraudster," Johnson says.

If that agent doesn't suspect foul play, the agent may take the listing, put it in the MLS, and market it to real buyers. However, any contract or deed signed by an imposter seller is void. So a buyer gets nothing.

How far can the fraud go? It can be discovered and stopped before a transaction closes if the proper steps are taken. But in the worst-case scenario, the full value of the property is stolen.

The buyer's money is gone, including any borrowed funds from a financial institution. How much criminals can steal depends on the property, Johnson says. "However much the property is worth, that's your potential for loss," she notes.

The title company realizes full losses on the owner's title and loan policies. The listing agent may not get paid and could be accused of helping to sell a property without the actual owner's knowledge.

The actual property owner is also harmed by seller

**“The risks here are real. We're seeing fraudulent sales attempts across the state daily.”**

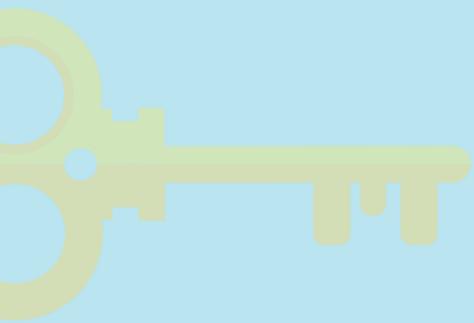


Leslie Johnson

## TITLE COMPANIES NEED YOUR HELP

Title companies do have some additional resources to help identify fraud, but they can't be the only line of defense against these scams, says Leslie Johnson, Vice President and Texas State Counsel for WFG National Title Insurance Company.

Real estate professionals enter the transaction much earlier, before a contract is even signed, and their efforts to vet sellers can make a huge difference.



## WHAT BUYERS CAN DO

- Be suspicious of deals that seem too good to be true. Use common sense.
- Check for yourself. Visit the property. Is there a for sale sign? Talk with the neighbors. Knock on the door. “An additional benefit is that if the sale is legitimate, you can make friends with your new neighbors,” Johnson says.
- Buyer’s agents should also check with listing agents and the title company to help verify that the seller is legitimate.

## WATCH FOR THESE RED FLAGS

Is the property vacant land or unoccupied?

Is it priced well below market value?

Does the seller:

- Refuse to meet in person or participate in a video chat?
- Ask to handle the entire transaction remotely?
- Communicate only by email or text?
- Claim to be out-of-state or overseas?
- Not live at the property?
- Refuse to give their ID?
- Request a cash sale?
- Have the property listed as a FSBO online?
- Urge a quick closing?
- Rush each step in the process?
- List no phone number or an out-of-area phone number?
- Want to use their own notary?
- Have difficulty answering requests a legitimate owner could?

Ask yourself if the sale feels normal. Does the situation sound plausible if you explained it to someone else? Ask if this is how people you know who aren’t involved in real estate would act if they were the seller.

impersonation fraud. The incident creates a cloud on the title, which must be fixed before the owner can sell the property.

### It could happen to you

It’s hard to say why seller impersonation fraud is becoming more prevalent, Johnson says.

She points to the turbocharged market of the last few years. When demand was so high, red flags such as cash sales, out-of-area contact information, and communicating solely through email or text didn’t seem strange.

Seller impersonation fraud can happen in any market—urban, suburban, and rural—and to any type of property, including owner-occupied homes, according to Johnson.

Typically, criminals choose properties with less oversight: infrequently visited vacant properties or vacation homes where the owner isn’t there. But this type of fraud can even affect rentals with tenants living in them. Criminals also target properties for which the tax mailing address is different than the property owner’s address.

### What can agents do?

The easiest and best way to prevent seller impersonation fraud is for listing agents to do due diligence at the beginning of every transaction, Johnson says. Create a process and use it every time so all potential sellers receive the same treatment.

**Start by meeting the seller.** “Set an appointment to meet in person or do a video call. Get your eyes on the seller,” says Johnson.

**Ask for ID and confirm the seller is legitimate.** Request a copy of the identification when meeting the seller in person.

“Try to confirm it isn’t a fake ID,” she says. Is it current and does it have a hologram and a gold circle with a star on the front? Some fraudsters are very sophisticated and can provide a fake driver’s license that looks as good as the real thing, Johnson admits.

But compare the physical appearance of the seller to the photo on the ID—do they match? Ask the seller questions about the information on the ID—while holding it. Can the seller answer those questions without looking at the ID?

Also try vetting the seller’s other information, such as phone numbers by using a reverse phone look up service online, or even just doing an internet search. You might request that the seller bring along utility bills or other records related to the property that only the true owner would have access to.

## WHAT PROPERTY OWNERS CAN DO

- Property owners can set up Google Alerts for their names and addresses.
- Some appraisal districts offer automatic alerts or email notifications for property activity. Third-party sites such as Zillow, Trulia, and realtor.com may also do this.
- If the property owner does not live at the property, make sure the appraisal district has a correct forwarding address.

**Confirm through the mail.** Send a letter confirming the new listing to all available mailing addresses: the property itself, the address on file with the central appraisal district, and any other addresses you can find online. If the seller is fraudulent, one of your letters will reach the actual property owner and you will be made aware if the proposed seller is not the true property owner before moving forward with the listing.

**Do your best to contact the true property owner.** Ask the person associated with the tax records, “Are you selling the property? Is this a correct listing?” Again, it’s best to try to get confirmation before moving forward with listing the property.

**Ask questions only the true property owner would know.** Can the seller produce a property survey or a copy of the homeowner’s title insurance policy? Ask about local amenities or community characteristics. A fraudulent seller wouldn’t be able to describe them.

### What’s your recourse?

Once you suspect or confirm a fraud attempt, stop working with the imposter, Johnson advises. If a title company is involved, call the title company and tell them to stop working on the sale. If you’ve listed the property on the MLS, take it down immediately and reach out to the local MLS to notify them that someone is attempting to fraudulently sell the property, so that they are also on alert.

File a police report so law enforcement is aware of what’s going on. Johnson suggests filing an online complaint with the Internet Crime Complaint Center, at [ic3.gov](http://ic3.gov), for documentation purposes.

And make sure to call the Secret Service. “I was surprised to learn that the Secret Service is in charge of investigating these types of fraud,” Johnson says. “They have been extremely helpful, so call the local branch and start working with them, too.”

Johnson estimates that if you do your due diligence early and thoroughly, you can stop the majority of these fraud cases in their tracks before they ever reach the closing table.

### You are at risk

You, as a real estate professional, are also at risk when these scams take place. Even if you didn’t know you were helping a criminal, your efforts in guiding a fake real estate transaction can amount to participating in fraud. You could get sued for fraud, negligence, or another tort claim, Johnson says.



“Seller impersonation fraud can happen in any market—urban, suburban, and rural—and to any type of property.”



Even worse, you could get your license suspended or revoked. A provision of the Texas Occupations Code bans license holders from selling a property without the knowledge or consent of the property owner.

### Raising awareness

The real estate and title industries are working together to address the threat of seller impersonation fraud head-on, Johnson says.

The Texas Land Title Association (TLTA) has created a Seller Impersonation Fraud Task Force and has partnered with the Texas Real Estate Commission and Texas REALTORS® to educate real estate professionals.

While it should be obvious, Johnson reminds agents that once the fraud has been identified, they have to let the sale go.

“There’s no amount of curative action that can make it close. Don’t waste your time. If you do your due diligence, you’re out a little bit of wasted effort, but that’s a lot better than putting yourself in legal jeopardy.”

**JOE OLIVIERI** is a business writer who has written for several publications, including Texas REALTOR®.

## BE CAREFUL OUT THERE!

Nicole Lopez is Chief Operating Officer for Mark Dimas Properties. She says many of Mark Dimas Properties’ leads come through Zillow. So it was not unusual when a man contacted one of the firm’s agents through Zillow looking to sell a vacant lot in La Porte.



He claimed to own the property, and the information he provided matched the tax records. He said he was from New York and had a New York phone number to match. He seemed to own several properties in the area.

“We talked him through the process. We ran the comps and gave him a comp range,” Lopez says. “He said he’d like to move it pretty quickly. He aimed for the lower end of the range and said, ‘Let’s see what activity we can drum up.’”

The agent only ever spoke to the man by phone. “We never did a Zoom call, and that’s one of the ways we could have double-checked it,” Lopez says. “We never had any experience with this previously.”

The firm listed the property for sale at \$30,000 and went under escrow. Many title companies give out seller intake forms to collect the information they need for the transaction. The buyer’s title company didn’t ask for one, so the title company didn’t verify the seller, either.

Because it was going to be a cash transaction, an electronic notary may not have caught the scam, either.

The only way the scam was discovered was when a landscaper saw a for sale sign on the property and called the actual property owner. The owner said he wasn’t selling and started investigating. “At this point, we were scheduled to close in a week,” Lopez says.

The owner reached out to the title company and the firm to stop the scam. The title company’s legal department got involved. Police reports were filed. The phone number was a Voice over Internet Protocol number, offering no clues about the caller’s identity.

The firm stopped communicating with the fraudulent seller. “He did reach out to us asking about wiring instructions but did not respond to further questions. He just disappeared,” Lopez says.

Fortunately for the parties involved, no money was sent and nothing was paid for, she adds. The actual property owner had had no interest in selling, but later connected with the buyer. “It turns out we are actually going to sell that property to that buyer after all,” she says.

Lopez described the entire experience, which took place over a couple of weeks, as very scary. She posted a summary online; she said she received a dozen responses from agents who’d had similar encounters.

“The scams were mostly on lots,” she says. “The most expensive was \$500,000. The reason why they’re targeting lots is that they go for cash; financing is much more difficult to get for raw land.”

Lopez’s best advice is to listen to your intuition. If something seems off, pay attention. Ask questions only the actual property owner would know—things like how long have you owned the property or what are the relevant utility districts?

“If you own lots/land, keep an eye out and make a habit of searching intermittently for your property on market,” she wrote in her online summary. “Be careful out there!”

# SHARE THIS

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## IS THE PRICE RIGHT?

Whether you’re selling your home or making an offer to buy one, setting a price is an important decision. How do you choose a number to attract the highest offers or get your offer accepted without overpaying? Consider the following:



### WHERE IS IT?

You know location matters, but keep in mind that even small differences can increase or decrease the desirability and price of a home. One side of a street may have a better view, the next block over can be zoned for a different school district, or a tranquil setting can be only a short distance away from noise and traffic.



### BE CAREFUL WITH COMPARISONS

Just because two homes are similar in size doesn’t mean their prices will be similar, too. Variations in age, quality of materials, condition, features, layout, lot size, and other factors can have a significant effect on what a home is worth.



### THE MARKET CAN CHANGE QUICKLY

The market may shift as the number of people selling and buying homes changes. Mortgage rates and local economic conditions also affect home prices. Just because a home sold for a certain amount a little while ago doesn’t mean that home is worth the same today.



### MOTIVATION MIGHT MATTER

If you need to move quickly, you may want to factor that into your pricing decision. It’s possible that being more flexible on your price can save you the costs and hassles that come with moving twice or paying two mortgages at once.



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Your REALTOR® can discuss current market data and your real estate goals to help you come up with a winning pricing strategy.

# TAKE 5



## SAVE SOME MONEY

One way to increase your bottom line is to bring in more money. Another way is to not spend it in the first place. Here are some simple tips to cut your business costs.



### DITCH UNUSED SUBSCRIPTIONS

It's easy to miss a monthly service fee that keeps hitting your credit card even after you stop using the service. Keep a list of your active subscriptions, review it on a regular schedule, and put reminders on your calendar for services that auto-renew for an entire year.

### ASK TO PAY LESS

It never hurts to ask for discounts. You may find success with auto repairs, office furniture, and business services. Even if a business won't lower the price, you may find that a lower-priced tier of service or product will meet your needs. For phone and internet providers, you could mention that you are thinking about switching companies.

### CHECK OUT FREE AND USED

Before you pay top dollar for a new office chair, phone charger, standing desk, or other equipment, see if you can get items for free or at a steep discount. You'd be surprised what people give away or sell for a fraction of the new price. Ask friends, check your local Buy Nothing group, search online marketplaces, and stop by thrift stores.

### KNOW—AND USE—YOUR REALTOR® BENEFITS

If you don't know what discounts and free services you get from your local, state, and national REALTOR® association memberships, you may be wasting hundreds of dollars each year. Visit [texasrealestate.com/benefits](https://texasrealestate.com/benefits), [nar.realtor/benefits](https://nar.realtor/benefits), and your local association to find savings on technology, travel, healthcare, insurance, office supplies, and more.

### BROKERS/MANAGERS: ASK YOUR TEAM

If you run a brokerage, your agents and employees may have cost-cutting ideas you've never considered. Offering a financial reward for ideas that pay off can incentivize others to look for innovative ways to save.

## Welcome to your little corner *of the universe.*

When you're looking for land to build a forever home, might we suggest choosing one that has forever views? Yes, it's one small criteria, but it's one that can leave you breathless on clear summer nights. And to help you get everything else you want in a piece of land, Capital Farm Credit is here for you. You see, we can help you navigate the process of buying rural property, because rural lending is all we do. You could say, we know the value of every acre out there — be it on the ground or in the night sky. **To learn more, visit [CapitalFarmCredit.com](https://CapitalFarmCredit.com).**



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