

REALTOR®



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NEWS FROM THE NATIONAL ASSOCIATION OF REALTORS®

NAR Mandates Written Agency Disclosure

Taking a step beyond what some states even require, NAR has made written agency disclosure mandatory, effective January 1, 1993.

At its annual convention in Hawaii, NAR significantly revised the Code of Ethics to address the disclosure issues affecting the daily business practices of REALTORS® and REALTOR-ASSOCIATES®. The following are abstracts of these changes.

● **Standard of Practice 21-11:** REALTORS®, prior to entering into an agency agreement, have an affirmative obligation to make reasonable efforts to determine whether the client is subject to a current, valid exclusive agreement to provide the same type of real estate service.

● **Standard of Practice 21-12:** REALTORS®, acting as agents of buyers or tenants, shall disclose that relationship to the seller/landlord's agent at first contact and shall provide written confirmation of that disclosure

to the seller/landlord's agents not later than execution of a purchase agreement or lease.

● **Standard of Practice 21-13:** On unlisted property, REALTORS® acting as buyer/tenant agents shall disclose that relationship to the seller/landlord at first contact for that client and shall provide written confirmation of such disclosure to the seller/landlord not later than execution of any purchase or lease agree-

ment. REALTORS® shall make any request for anticipated compensation from the seller/landlord at first contact.

● **Standard of Practice 21-14:** REALTORS®, acting as agents of seller/landlords or as subagents of listing brokers, shall disclose that relationship to buyers/tenants as soon as practicable and shall provide written confirmation of such disclosure to buyers/tenants not later than execution of any purchase or lease agreement.

COMMUNITY SERVICE

BCAR Donates to Soup Kitchen & ODAT



Ray Bann, coordinator of the First Presbyterian Church Community Luncheon, accepts a \$550 check from Eleanor Magnus, a member of BCAR's Community Service Committee. The check represents proceeds from a Comic Relief fundraiser held last fall. The O.D.A.T. Club also received \$550 from this fundraiser. O.D.A.T., which stands for One Day At a Time, serves as a place for recovering substance abusers to meet and work on their recovery. Both organizations operate in Mt. Holly.

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Toni Swenson-Diamond

PRESIDENT'S MESSAGE

Are You Ready for Mandatory Disclosure?

Pass the word — NAR now requires REALTORS® to disclose agency status and get written confirmation of this disclosure.

If you read the article on page one, you'll see the specific changes NAR made to its Code of Ethics to address the disclosure issues.

In addition, NAR teamed with the Consumer Federation of America in a joint nationwide campaign to strengthen disclosures by real estate agents to buyers and sellers in home sales transactions. The campaign will target state legislatures where real estate agency disclosure laws are either under review or need sharper teeth.

New Jersey is one of six states that currently do not require agency disclosure. NAR hopes to get legislation passed which would require all licensees to provide timely, meaningful, written disclosure to consumers of all possible agency relationships available under state law, and the most significant implications of choosing one type

over another. This would permit consumers to make informed choices.

Three key interests are at stake here: the consumer, the license law and the real estate profession. All three would benefit from mandatory agency disclosure. Realizing this, NAR has taken important steps by revising its Code of Ethics and joining with the CFA in a joint campaign.

You knew this would be coming some day soon. But are you prepared? To help you prepare, NJAR — in conjunction with legal counsel Arthur Greenbaum — developed suggested disclosure statements for both lease and sales transactions.

Keep in mind that NAR has made agency disclosure mandatory, but **not** the use of these specific forms. These are suggested forms, but you may use any form you choose. For a **free** copy of the agency disclosure form, simply call the BCAR office at (609) 829-0071.

*Toni Swenson-Diamond
President*

NJREC NOTES

Make Sure It's Legal

What is the broker's role in establishing the legality of the present use of a property for which he accepts an agency?

According to the Fourth Quarter edition of *NJ Real Estate Commission News*, all brokers are required to determine the zoning for any property for which they accept a listing by commission rule 1.23(b).

If it is clearly a two-family use in a one-family zone, the broker should ask the property owner as to whether or not the two-family use has been legally established through a zoning variance or any other means. If the broker cannot clearly and independently establish the legality of the current use, but relies solely upon the statements of the property owner, then he should make any prospective buyer aware of that fact — in writing to protect himself — and before the contract of sale is executed.

A construction code official, building inspector or other municipal official should be able to establish the legality of the use before an occupancy certificate is issued. This would protect the integrity and legality of the use existing at the time of sale.

If you have questions about this issue, call NJREC at (609) 292-7053.

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LETTER TO THE EDITOR

What Happened to the MLS Books?

Dear Editor:

I am an enthusiastic fan of your monthly publication *Burlington County REALTOR®*. It is well put together, timely and informative.

That being true, it becomes even harder to understand the complete lack of mention of the great concern felt by the vast majority of the membership over the loss of a valued tool—our MLS book.

This present book is virtually useless to me. If ever the phrase, "If it ain't broke, don't fix it," had any application, it does in this situation.

Many of us would like to be kept informed as to what action is being taken to remedy a woeful loss. Please keep us informed in our newsletter. Thank you in advance.

*Russ Brankley
ERA West Associates*

BCAR member Diane Streichert, a governor on the Greater NJ Regional MLS Committee, responds:

Although the MLS book has its problems, you can still get the basic information a REALTOR® would need to survive.

We've been talking with PRC since the first publication to make them aware of the problems, especially the statistics section.

We were not given the option to keep the old book format because of the difference between Spectrum and Stellar. The information is obtained direct from the on-line system.

In the initial design, the design committee and PRC decided to give the members as much on-line information as possible because many members do not make use of the computer as much as others and prefer to use the book.

We have already corrected the paper quality and are discussing the use of a more readable type. The statistics section should be corrected soon. And, at our redesign meeting later this year, we'll be looking at many of our members' other suggestions.

The Regional MLS Board of Governors would like to reassure all the members that we are listening and doing our best to satisfy the needs of all four of our Boards. However, there were some more serious problems involving the on-line system which took priority over the book in the beginning.

Also, both the Camden Board and Burlington Association have formed an MLS Forum of interested members to assist the Board of Governors in determining the problems. I invite Russ and other interested members to get involved.

RESPA REVISIONS

HUD Revises Settlement Procedures Act

The Department of Housing and Urban Development recently issued long-awaited revisions to the Real Estate Settlement Procedures Act.

The following serves as a summary of RESPA provisions, which became effective December 2, 1992.

- The provisions do not impose a cap on computerized loan origination fees (CLO). But "over charging" for a computer line-up or imposing duplicate fees for title work is a red flag to the RESPA Enforcement Unit.
- When disclosure is required, it must be provided in writing and delivered to the consumer at any time prior to service.
- With limited exception, the provisions prohibit referral fees.
- A CLO fee disclosure statement must be submitted to the consumer before such services are rendered. It must include the proposed service fee, the nature of service to be provided,

and the consumer's right to have the service provided by another provider.

- The provisions allow consumer discounts for the purchase of a package of services, but prohibit requiring the use of any particular settlement service provider.
- Controlled business arrangements (CBA) are allowed. However, payments to shareholders of a CBA must be based upon the amount invested in the company (as stated in the joint venture, partnership or franchise agreement), rather than the number or volume of referrals generated.
- A referring party of a CBA must provide a disclosure statement. It must include the nature of the relationship between the referring party and the provider of the service and an estimated charge of the service provider.

The above serves as a summary only. For details, call Robert Nickens at NAR, (202) 383-1201.

MEMBER BENEFIT

Don't Buy a Ton!

How many times have you ordered sign riders from an out-of-state company? When you did, the salesperson probably explained the company policies about minimum orders, several weeks shipping delay, freight charges, etc.

Why buy more than you need? Why pay for freight charges when you don't have to? Why wait for weeks to receive your order when you could have it the day you need it?

You don't have to! Visit the REALTOR® Service Center and "have it your way." The Service Center sells products especially for REALTORS® and offers a large inventory at competitive prices, no minimum quantities and no shipping charges.

The REALTOR® Service Center is located in the BCAR office (1630 Riverton Rd., Cinnaminson) and is open Mon.-Fri., 9 a.m. to 5 p.m. For a free product list, call (609) 786-4100.

EDUCATIONAL OPPORTUNITIES

Looking to Learn?

Upcoming BCAR Education

● **Increasing Sales with the Personal Computer**, March 17, 9 a.m. to 11:30 a.m., Sheraton Poste in Cherry Hill, co-hosted by Burlington County Association and Camden County Board of REALTORS®. Cost: Free* (*Regularly \$20, but seminar is being subsidized by Meridian Mortgage and Congress Title.) Tickets must be presented for admission. To get tickets, call BCAR (829-0071), CCBR (429-1730), Meridian (985-5700) or Congress (795-2511).

● **Personal Communication**, May 19, 9 a.m. to 11 a.m., BCAR office, sponsored by Education Committee. Cost: \$5 BCAR members, \$10 non-members. For details, call BCAR.

Other Education

● **RS 200: Business Development for the Residential Specialist**, March 15-16, 8 a.m. to 5 p.m., Morristown,

sponsored by Morris County Board of REALTORS®. Cost: \$275 NAR members if paid by February 19. For details, call (201) 425-0110.

● **Principles of Residential Real Estate Appraising**, February 4-5 and 11-12, and **Market Data Analysis of Residential Real Estate Appraising**, March 4-5 and 11-12, Maple Shade, sponsored by Camden/South Jersey Chapter of National Association of Independent Fee Appraisers. For details, call (609) 779-2549.

● **GRI Course I**, Feb. 9-Mar. 16, 9 a.m. to 4 p.m., Cherry Hill, sponsored by NJ Association of REALTORS®. Cost: \$250 members. For details, call NJAR at (908) 494-5616.

● **Course 210: Residential Case Study**, Feb. 26-Apr. 3, and **Course 500: Advanced Residential Form and Narrative Report Writing**, May 16-22, sponsored by Southern NJ Chapter of the Appraisal Institute. For details, call Andrea Ruccolo at (609) 662-2250.

SURVEY SAYS

Referrals Top the List

With all the money you put into ads and marketing materials, you might be surprised to learn how buyers really find a real estate agent.

According to research by NAR, here are the seven most important ways buyers first come into contact with the real estate sales associate who assisted them with a purchase:

Agent referred by friend or previous customer, 26%

Agent was friend or neighbor, 19%

Ad call, 14%

Sign call, 11%

Met agent at open house, 11%

Walked into office, 7%

Former client or customer, 5%

MASTER PLAN

State Planners Meet

According to the *Courier Post*, the state master plan — meant to shape New Jersey's future — will itself be influenced by forces such as the lagging economy, clean-air rules and practical politics.

The document also will reflect the tensions between home rule and the need to regionalize.

Those themes emerged from a day-long conference of planners and non-professional participants at Rutgers University on January 14.

Because there was such an overwhelming construction boom in the '80s, private sector investment in real estate is unlikely, especially in the cities.

"That means direct public investment will shape the direction of our economic recovery," said Jim Hughes, a Rutgers University professor of urban planning.

Another planner made a strong appeal for regulatory reforms, arguing that the high cost of red tape and complying with many rules discourages business growth here.

NEW BCAR MEMBERS

The Board would like to welcome its newest members (approved 12/92):

REALTORS®

Alloway Associates, REALTORS®: Carrie Grundner

Stokes Real Estate: Michele Matsuk

Affiliates

Frank Hammond Appraisal: Frank Hammond, Jr.

Plessner & Associates: Jeffrey Plessner

Sears Mortgage Corporation: Alyson Knable

William J. Sragow, Esq.: William Sragow

Ed Wyllie Appraiser: Ed Wyllie

REALTOR-ASSOCIATES®

Briarwood Real Estate: Karen Berkey, Albert Elgrissy, Mark Feldman, Samantha Raynor

Brick Real Estate: Thomas Donaldson, Cheryl Raimondo

C-21/Capece-Franco: Patricia Mangano

ERA Elaine Tursi-Williams Realty: Ruth Hewitt

ERA Omni Realty: Raymond Fox, Lourdes Seroka

Michael Patsaros Realty: William Sentner

RE/MAX Suburban: Stephen Girolami

Stockwell-Knight Co.: Betty Schneider

Weichert, REALTORS®: Robert Girogio, Prabha Singh