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March 2022-Volume 75-Number 2

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ADVERTISING SALES
Mohanna Sales Representatives
214-291-3648
texasrealtorsinfo@mohanna.com

Texas REALTOR® (ISSN 1068-1248) is published monthly except combined issues in January/February and September/October by Texas REALTORS®.

POSTMASTER
Send address changes to:
Texas REALTOR® magazine
Attention: Membership
P.O. Box 2246
Austin, TX 78768-2246

Periodicals Postage Paid at Austin, TX, and at additional mailing office. Annual dues of members of the association include \$5 for a one-year subscription to Texas REALTOR®. Annual subscription rate to others: \$25. Single copy rate to others: \$3.50. Office of publication: 1115 San Jacinto Blvd., #200, Austin, TX 78701-1906; mailing address: P.O. Box 2246, Austin, TX 78768-2246; phone: 512-480-8200; fax: 512-370-2390.

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MEMBERS FORGE AHEAD AT WINTER MEETING

REALTORS® reconnected, earned CE credits, and enjoyed fun and enriching sessions together during the first large-scale in-person meeting Texas REALTORS® has held in almost two years.



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WRITE BETTER LISTING DESCRIPTIONS by Joe Olivieri

It is worth your time to improve your listing descriptions—even if your properties already sell quickly. You will attract more serious offers and more buyers who are a better match for the property. Learn how to stop writing dull lists of features and start writing engaging narratives.



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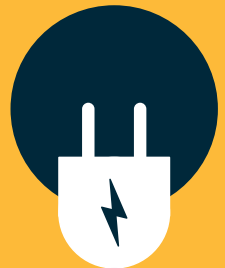
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Pull out this special booklet between pages 14 and 15!

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24 FEATURE

ARE YOU CURRENT ON TREC'S NEW INSPECTION REQUIREMENTS? by Brian Greul

The Texas Real Estate Commission recently approved changes to the standards of practice that home inspectors are required to follow. The new standards include changes to inspections of GFCI and AFCI devices. Learn what those devices are and where they need to be in the home.



22 FEATURE

THE CURE FOR A VACANT HOSPITAL by Joe Olivieri

McAllen REALTOR® Cesar Cepeda revived a vacant medical building by leasing it to a federally funded children's boarding facility and then selling the property to an investor. Read about the deal that won Cepeda the 2021 William C. Jennings Award for commercial transaction of the year.



INSIGHTS



Chairman's message

You might assume I set my sights on a leadership position in our association many, many years ago. After all, how else do you become chairman? But that is not my story. When I was a new member, I gave little thought to who was leading our local and state associations, what those people got out of it, or how I could join their ranks. Instead, I was focused on learning the business and gaining more clients.

So how did I get here? My path looks like many other association leaders' journeys: While attending an event at my local association, a more experienced REALTOR® pulled me aside and said, "I think you should come to a Texas REALTORS® Conference." So I tagged along.

I saw firsthand how our association is driven by volunteer members. I witnessed their passion and commitment to supporting REALTORS® in our businesses. I saw how members came together to discuss ideas that would shape the MLS, professional standards, business practices, and real estate laws.

I attended more meetings and legislative visits and soon volunteered to serve on a committee. Then another. And so on.

The more involved I got, the more I personally benefited. I learned so much

about our industry. I have made many new business contacts—people I can ask for advice and learn from their experiences. Volunteering in the REALTOR® organization has been one of the best moves in my career.

Just as I once was asked to participate, I now extend my personal invitation for *you* to get involved. Come to meetings at your local association and here at Texas REALTORS®. (I hope to see you in Fort Worth in September at this year's Texas REALTORS® conference.) I also encourage you to volunteer for a committee assignment. Signups for Texas REALTORS® committees open at the end of April. Local association committee signups usually happen toward the end of the calendar year. We should all give back to our profession by volunteering to serve.

If you're already involved, I have a special request: Ask another REALTOR® to participate with you. Together, we will share this journey of personal growth and professional success, all while making our association the strongest it can be!

Russell Berry

["I extend my personal invitation for *you* to get involved. Come to meetings at your local association and here at Texas REALTORS®."](#)

Updates from TREC's February Meeting



The Texas Real Estate Commission met on February 14. A video replay of the meeting along with the full agenda and materials are available at trec.texas.gov. Below are updates relevant to your business.

Homeowners Association Database

Legislation from last year required TREC to develop and maintain a website for HOAs to file management certificates containing certain contact information. The website went live December 1, 2021, and as of now there are 2,762 management certificates uploaded. The deadline for all HOAs to provide the information is June 1, 2022. The website is hoa.texas.gov.

Adopted Changes to Broker Education and Experience Requirements

As proposed at the November TREC meeting, the commission approved changes to education and experience requirements to get a broker's license. In summary:

- Applicants must have at least one transaction per year in four of the past five years.
- The number of experience points required to be earned by applicants is reduced from 3,600 to 360 along with corresponding reductions in the number of points transactions are worth.
- Listings and buyer or tenant representation agreements no longer qualify for points, and a brokerage team management or delegated supervisory position is worth 12 points per month instead of 20, with no maximum on the number of points allowed.

Proposed Rule Changes

As part of the commission's quadrennial rule review, several changes have been proposed. These changes are non-substantive and for the most part update terminology and make edits for consistency. The rules will be published in the *Texas Register* for comment and taken up at the next commission meeting.



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BUSINESS



TAKE CONTROL OF YOUR PRIVACY

Although you know it's happening, it can still be an eerie feeling to know your online activity is being so meticulously tracked. Here are some things you can do to make your presence online more discreet.

Facebook

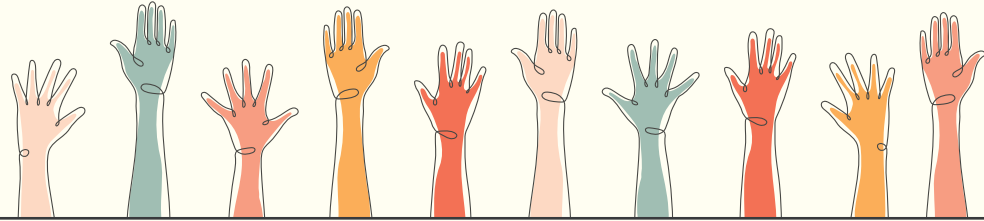
Facebook is notorious for tracking user data. There are many steps you can take to adjust your privacy settings. Access the *Settings & Privacy* section of your settings from the main menu on a browser or in the app. From here, you can run a Privacy Checkup, where you can see what information you're currently sharing on your profile—like your birthday, email, and relationship status—and who you share that information with. You can also review your data settings, ad preferences, and more in your checkup.

Google

Google is another platform known to collect a lot of data on users. One way you can protect yourself is by turning off your Ad Personalization. To do this, open the Google Chrome web browser, click your account in the top-right corner, then click *Manage Your Google Account*. (You can also find this setting in other Google apps, such as Gmail, while using other browsers.) Under the *Privacy and Personalization* section, click *Manage Your Data and Privacy*. Here, after clicking *Ad Personalization*, you'll be able to see the topics and profile Google has built to target you with ads based on your browsing. You can turn this setting off, and by doing so, Google claims it, "will not collect or use information to create an ad profile or personalize ads Google shows you." There are other privacy settings you can explore in the *Data & Privacy* section, like whether the platform can use your location.

You will find similar options to change your privacy settings on many websites, social media platforms, and apps. If you want to make your digital footprint more private, take some time to view and adjust your privacy settings.

WHERE TO BEGIN WITH VOLUNTEERING IN YOUR COMMUNITY



There are plenty of compelling reasons to start volunteering. You can make a difference in people's lives and make your city a better place. Volunteering builds community and friendships. Research has shown that it even has health benefits. Plus, it feels good to help others!

There are also professional advantages to volunteering. Helping can strengthen your business's and your reputation. Getting involved raises your profile among a whole new group of potential clients. It can further associate you with your real estate specialty or niche, such as if you sell eco-friendly homes and volunteer cleaning up habitats.

So how can you or your firm get started?

Who or What Do You Want to Help? What inspires you? There are many worthy causes in your area—focus on what motivates you. It could be a subject close to your heart or the area with the greatest need. Perhaps you want to help a cause that's overlooked by most people.

What Help is Needed? Research the nonprofit of your choice. How can you best help them? Are they accepting volunteers? When do they

need help? Do you need to have any special training before you can help? Visit the charity's website or speak to a representative to find out.

Do Any Tasks Require Your Talents? Highly skilled volunteers or those who can do complex tasks may be in high demand and can really advance an organization's mission. Think about *all* of your areas of expertise. The skills they need most may have nothing to do with your professional life.

Can You Get Others Involved? If your time and effort can make a big difference, think about how much of an impact your team or brokerage can have. Talk with your broker (or your agents) about volunteering together. Some charities welcome groups. It could be a team-building opportunity or something you could promote on social media.

When Can You Start? Even a single afternoon of volunteering helps. If schedules allow more sessions, even better.



NEW LICENSING RULES HELP ONBOARD MORE APPRAISERS

The Texas Appraiser Licensing & Certification Board has made it easier to become an appraiser.

Before January 1, trainees needed to work with traditional clients, such as lenders or appraisal management companies, for at least half of their required job experience. Now, the Appraisal Qualification Board accepts applicants with no traditional client experience.

Instead, trainees can gain experience just by completing appraisals. For example, they could appraise their own homes, a family member's home, or a neighbor's home. Trainees could also complete a Uniform Standards of Professional Appraisal Practice standard 3 review of an already completed report if the review demonstrates proficiency with USPAP standards 1 and 2.

They still must perform appraisal work under the active, personal, and diligent direction of a supervisory appraiser.

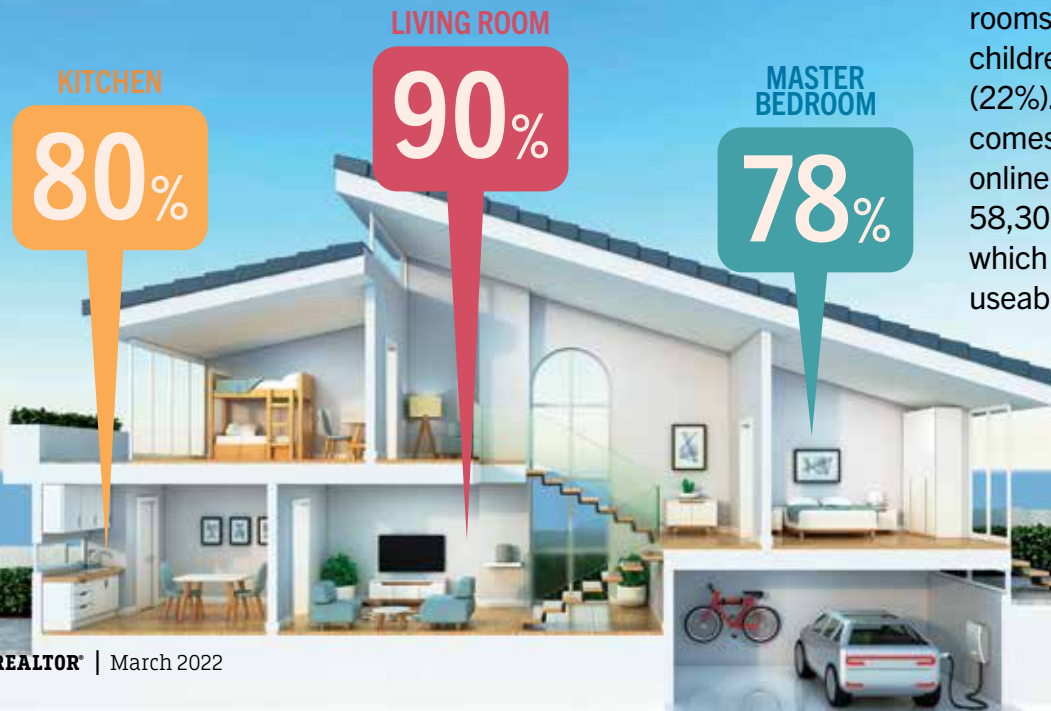
This change is one of several measures TALCB has passed or is working on to onboard more appraisers in Texas. TALCB has also streamlined its application forms and adopted the Practical Applications of Real Estate Appraisal program, which offers practical experience through online and virtual reality technology.



WHERE TO SPEND STAGING FUNDS

Sellers want their house to look its best, and professional staging can help. But what if your clients don't want to foot the bill for full-home staging?

NAR's *2021 Profile of Home Staging* provides insight as to where most sellers put their staging dollars. Here are the most commonly staged rooms, indicated by the percentage of respondents who staged each room:



The least common rooms to stage were children's bedrooms (22%). This data comes from an online survey of 58,300 REALTORS®, which yielded 2,347 useable responses.

BUSINESS

If you're brand new to the REALTOR® organization, you're not alone!

Twenty-two percent of REALTORS® had a year or less of real estate experience in 2021, according to the 2021 *Texas REALTORS® Member Profile*. The median amount of experience was six years.



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LEGAL & ETHICS

How you can resolve ethics complaints and commission disputes without a formal hearing

Did you know that not all ethics complaints go through the monthslong process of hearings and appeals? Some complaints and commission disputes are informally resolved through the Texas REALTORS® Ombudsman Program.

In it, a trained member of the Professional Standards Committee acts as an impartial third party to a dispute. Ombudsmen don't judge or weigh in on whether an ethics violation occurred. They just listen to both sides and facilitate discussion. The program is voluntary and available for every type of complaint.

Ombudsmen can help resolve complaints related to monetary disputes, potential Code of Ethics violations, a lack of communication, and transactional, technical, and procedural questions.

If you want to avoid a formal ethics hearing, communications is paramount, says Texas REALTORS® ombudsman Jim Smith, president of The Property Management Company in Round Rock. "The vast majority of complaints boil down to no communication or miscommunication between the complainant and the member. A lot of complainants just want to vent because they weren't getting the information they needed."

If you are having a disagreement with clients or consumers, don't ignore the issue and hope it'll go away, he says. Talk with them if they call, even if you feel nervous doing so. Ignoring calls may only frustrate them and lead to file a formal complaint.

Ombudsman Bill Morris, a broker-associate with RE/MAX Capital City in Cedar Park, says he begins calls with an open mind and does more listening than talking. The problem might be as easy as someone saying I'm sorry or offering an easy way to settle the matter.

Morris has seen ethics issues arise during the pandemic in which struggling members are just trying to make things work, and that leads to mistakes. He cautions REALTORS® to not get careless in their real estate practice, no matter what else is happening.

REALTORS® should not assume that the other party knows what's going on, Smith says. That can cause the miscommunication that leads to disagreements.

Smith and Morris tout the Ombudsman Program as a great way to solve problems. It can also confirm that certain disputes *should* go before a hearing panel to be solved. Usually, though, the parties are relieved if they can avoid the more-involved complaint process.

"I've had several members say thank you for handling it through the ombudsman program," Smith says. "They were glad to do it informally."



Ombudsmen kept 25% of complaints out of the formal hearing process last year. They resolved 56 of the 224 complaints assigned to them.

HOW MUCH NOTICE IS NEEDED TO TERMINATE A RESIDENTIAL LEASE?

The *Residential Lease* (TXR 2001) automatically renews month-to-month until you or your tenant provides a written notice of termination. But when must notice be provided? That depends on Paragraphs 4A and 4B of the *Residential Lease*.

In Paragraph 4A, you or your tenant must provide the other party written notice not less than 30 days before the expiration date or not less than the time period inserted in the section.

If either party fails to provide written notice by the agreed-upon date, the lease renews month-to-month. Then Paragraph 4B comes into play.

Paragraph 4B says the lease will renew month-to-month until either party provides written notice of termination to the other party. The notice will be effective either on the last day of the month following the month notice is given or the date designated in the notice but not sooner than 30 days after notice is given.

If the landlord and the tenant select the last-day-of-the-month option, the landlord is not obligated to prorate rent even if the tenant surrenders the property before the termination date. If the landlord and tenant select the date designated in the notice option, rent will be prorated daily if necessary.



Fact or Fiction

You must post a sign announcing video surveillance on private property.

Fiction. You do not need to post signage stating that a property has video surveillance devices capable of recording. Video recording is generally allowed anywhere on private property except where there is a reasonable expectation of privacy, like a bathroom.

Audio recording is different. The Federal Electronic Communications Privacy Act and the Texas Penal Code prohibit audio recordings without the consent of at least one person involved in the conversation.

Your Forms

Brokers and their seller clients can agree to end any Texas REALTORS® listing agreement by using the *Termination of Listing* (TXR 1410) form. Sellers and brokers can set the termination date and agree to the broker fees when the property is sold or leased. The form also releases the seller and broker from all listing obligations including the protection period, so brokers should be mindful to restate the terms of such period in the sections provided in the *Termination of Listing* if they wish to continue the protection period. *Termination of Listing* can be used in residential, commercial, and farm & ranch properties. It is one of more than 130 forms exclusively for members of Texas REALTORS®.

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LEGAL & ETHICS

My seller client has an executed contract with a buyer. After the buyer completed his inspection during the option period, the buyer asked my client to make several repairs and to use a repairman the buyer chose. My client agreed to complete the repairs, but does he have to agree to use the buyer's repairman?

NO. TREC contracts require the seller to complete the agreed repairs before closing, but the contracts don't provide for the buyer to designate who makes the repairs.

Note that the Completion of Repairs and Treatments Paragraph in TREC contracts requires the seller to either use someone who is licensed to make the repairs or, if no license is required by law, the seller must use someone who is commercially engaged in the trade of providing such repairs—unless the buyer and seller agree otherwise in writing.

This doesn't mean a seller can never use an unlicensed handyman for electrical repairs. It means the seller must use a licensed electrician unless there is a written agreement between the buyer and seller to use that unlicensed handyman for electrical repairs.



Legal Hotline 800-873-9155

Members often ask what happens if the closing does not happen by the date specified in the contract. Does the contract automatically terminate at 5 p.m. that day?

NO, the contract does not automatically terminate if the transaction goes past the closing date.

Paragraph 9 of the *One to Four Family Residential Contract (Resale)* allows the non-defaulting party to choose an option under the default provisions found in Paragraph 15 if the other party fails to close the sale by the closing date. Additionally, where no time is stated in a contract, the deadline is generally at 11:59 p.m. on the date stated in the contract.

—Laura Miller, staff attorney



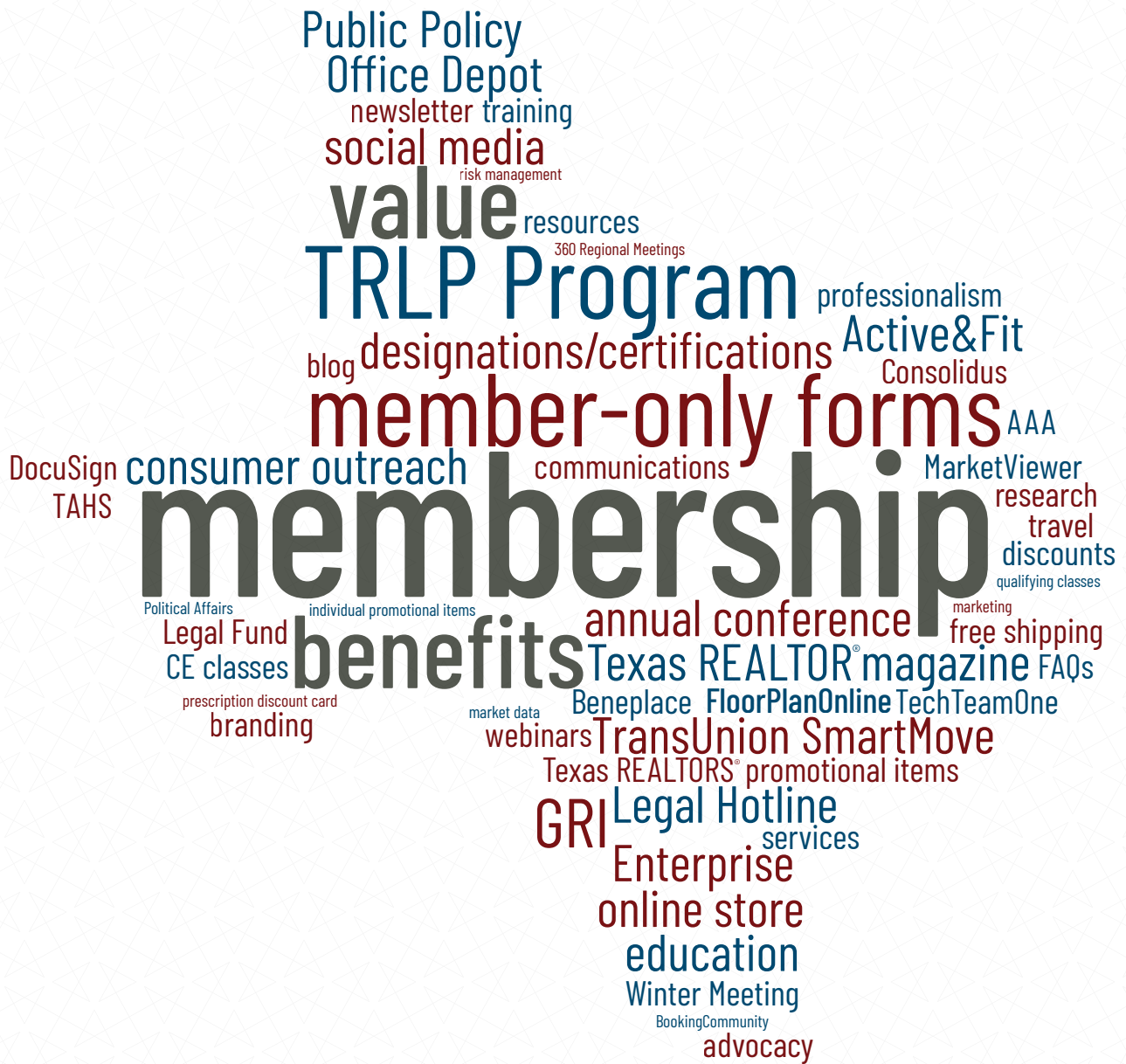
GET PERMISSION BEFORE OFFERING A REBATE

According to TREC Rule 535.147, you are allowed to rebate some of your fee or commission to a party in the transaction if you have written consent from your client and sponsoring broker.

If you plan to advertise that you're willing, with your sponsoring broker's consent, to rebate some of your commission, your ad must disclose whether the rebate is subject to any restrictions, such as the use of a certain service provider or the approval of a lender. If you are rebating to the other party in the transaction, then it must also say the rebate is subject to your client's consent.

You cannot pay anyone in a way that misleads a broker, lender, title company, or governmental agency regarding the transaction or the buyer's financial resources or obligations.





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As a member of Texas REALTORS®, you receive thousands of dollars of value from your membership.

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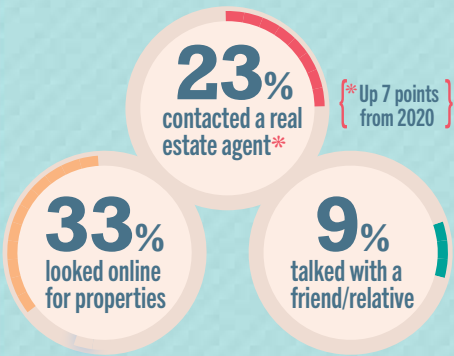
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TEXAS HOMEBUYERS

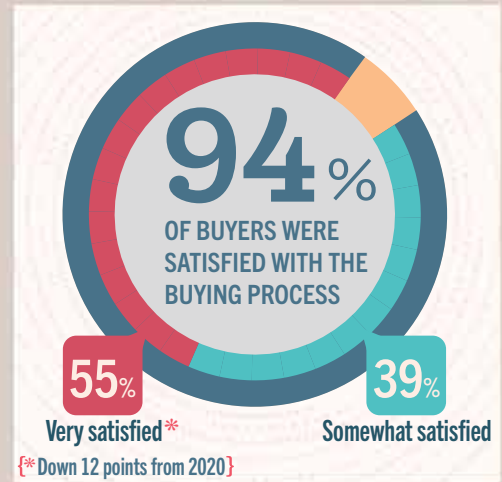
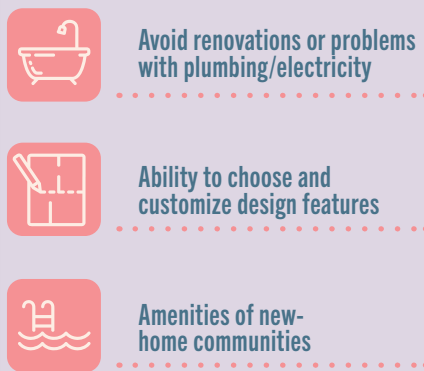
Who They Are and What They Want

The better you understand homebuyers, the more effectively you can market to them and serve their needs. These stats come from the 2021 *Profile of Texas Homebuyers and Sellers*, a Texas oversample of NAR's nationwide homebuyer and seller survey. Responses are from buyers who purchased a primary residence between July 2020 and June 2021. Next month: statistics about sellers.

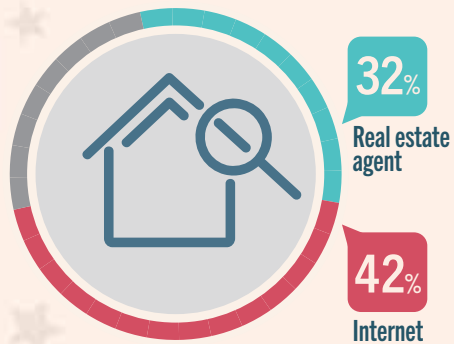
First step taken when buying a home



Top reasons to buy a newly built home



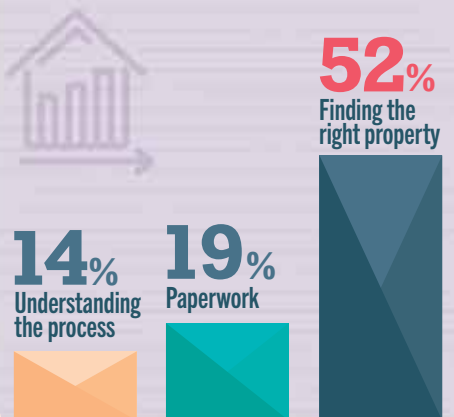
Where buyer found the home purchased



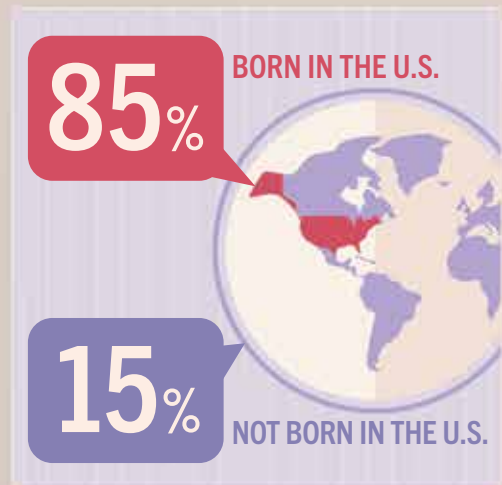
Top reasons to buy previously owned home



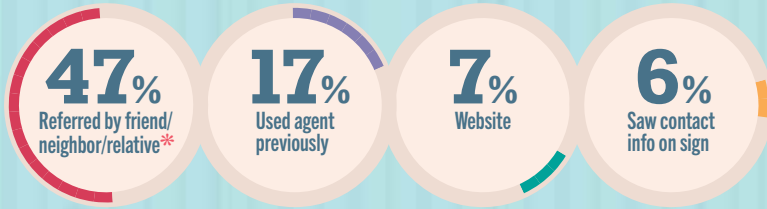
Most difficult steps



Top reasons for choosing neighborhood

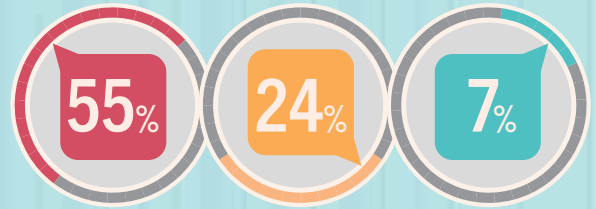


How buyer found agent

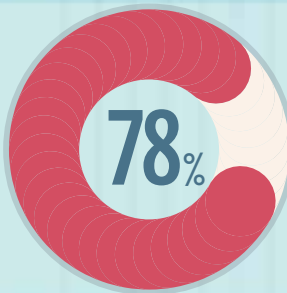


{*Up 6 points from 2020}

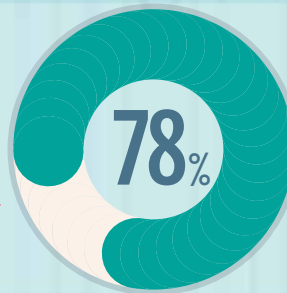
What buyers want most from real estate agents



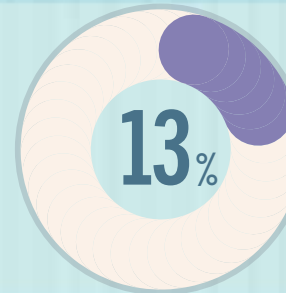
{*Up 9 points from 2020}



WOULD DEFINITELY USE AGENT AGAIN



PROBABLY WOULD USE AGENT AGAIN



TOP INFORMATION SOURCE USED IN HOME SEARCH

Top information source used in home search



Most important factors when choosing agent



Most important agent communications



- Communicate/send property info by text
- Call to inform of activities
- Send postings as soon as property is listed/price changed/under contract

Most valuable website features



First-time Homebuyers



MEDIAN AGE: 30

20%

OF BUYERS WERE SINGLE FEMALES*

*That's up from 15% in 2011



21%

ARE VETERANS OR ACTIVE-DUTY SERVICE MEMBERS

PURCHASED A HOME FOR A MULTI-GENERATIONAL HOUSEHOLD

15%

TOP REASON: Taking care of aging parents



THE DIFFERENCE OVER A DECADE

| | 2021 | 2011 |
|---------------------------|---------------|---------------|
| TEXAS HOMEBUYERS | | |
| AGE: ALL BUYERS (MEDIAN) | 47 | 46 |
| HOUSEHOLD INCOME (MEDIAN) | \$107,500 | \$92,300 |
| PURCHASE PRICE (MEDIAN) | \$285,000 | \$178,475 |
| HOME SIZE (MEDIAN) | 1,900 sq. ft. | 1,800 sq. ft. |

Stories Sell Houses

Ditch the laundry list and write listing descriptions that spur buyers to action.

by Joe Olivieri



Texas REALTORS® educator **Abby Vasek** teaches the course Writing Listing Descriptions and is the founder of the real estate school Elevate Your Real Estate. She owns Abby Vasek Interiors in Wimberley and is a designer and influencer. She offers a listing description worksheet for agents through her Elevate Your Real Estate Facebook group.

Put yourself in the shoes of potential buyers. Which listing description sounds better to you?

“Wood floors. Open floor plan.” Or...

“Wide planked pine floors expand throughout the open floor plan and provide a warm, solid surface for you and your furry friends to enjoy.”

The second description shines because it tells a story. It connects features to benefits in a way that helps buyers imagine what it’s like to live in the house you’re trying to sell them.

It is worth your time to improve your listing descriptions—even if your properties already sell quickly, says real estate educator Abby Vasek. You will attract more serious offers and more buyers who are a better match for the property.

Listing descriptions also speak volumes about you, your expertise, and the quality of service you provide. What does it say if your descriptions are lackluster? “If we lower our standards just because the market is doing well, we’d be doing ourselves a great disservice,” she says.

Here are some ways to stop writing dull lists of features and start writing engaging narratives.

Be Concise

Keep it short: Research says buyers prefer listing descriptions that are 50 words or less, according to Vasek. Remember that your goal isn’t to say everything, just to entice readers to learn more. “Most car commercials don’t talk about cup holders or seat belts or the number of square feet in the trunk. They tease me into action,” she observes.

Keep Your Language Inclusive

You run the risk of using less inclusive language when you start describing who might enjoy a property’s features. Instead, make the property feature the subject of the sentence. “For example, I might say the solar heated pool offers year-round fun and entertainment. These shade trees provide hours of cool play in the summertime.”

Connect Descriptive Features to Benefits

If a feature is worth mentioning, it is worth connecting to a benefit. In the example with the wood floors, tell the reader more. What do the wide planked pine floors do? They might expand throughout the open floor plan, a second feature. Then you could connect them to the benefit of providing a warm, solid surface for you and your furry friends to enjoy.

Avoid These Terms

Don’t use generic terms like charming or spacious. They don’t add anything. “Stop masking what is there and start representing in its best light what you are trying to sell,” Vasek notes. There are buyers looking for every type of property, even teardowns and fixer uppers. If the house is small, say it’s small.

Vasek also recommends not using abbreviations in your listing descriptions. Your readers will stop imagining the house and start trying to decipher the abbreviations. Then you’ve taken the reader out of the story.

Don’t sound desperate, either. *Priced to sell* and *will move quickly* can extend the days on market and lower your sale price.

Vasek says buyers are tired of the overuse of exclamation points. She limits herself to a single exclamation point per listing description.

Your goal isn’t to say everything—just to entice readers to learn more.

End with a Call to Action

Now that you have readers’ attention, invite them to take that next step. “I remind our agents that we need to remember to keep these narrative descriptions very human and happy. And don’t be afraid to use a little humor. One of my calls to action is: ‘View at your own caution: you will fall in love.’”

Write the Headline Last

Listings need titles, just like stories. Short and sweet titles like *Sweetheart Starter Home* and *Urban Loft Life* act as headlines that establish the tone and setting. “That headline is where we capture everyone’s attention in a crowded market,” she says. So spend time perfecting it.

Learn What Success Looks Like

You’ll know you’ve succeeded if your narrative listing description makes you feel something. The description should evoke an image in your mind. You should be able to picture yourself in the house and imagine what it’s like to live there.

It will get easier to write listing descriptions when you start thinking of them like stories, Vasek says. It will be less stressful and frustrating. You’ll also hear positive feedback from other agents and your seller clients. “Homeowners will say, ‘Our property sounds amazing and looks amazing.’ That’s another way that you know,” Vasek says.

Lastly, you’ll know your descriptions are working when they resonate with buyers. Humans are hardwired to understand and respond to stories, according to Vasek. “Our job is to appeal to buyers’ hearts as well as their minds.” ★

JOE OLIVIERI is assistant editor for Texas REALTOR®.

Remember: Standard of Practice 10-3 of the Code of Ethics prohibits REALTOR® advertisements from indicating preference, limitation, or discrimination based on the protected classes.



REALTORS® FORGE AHEAD AT 2022 WINTER MEETING

REALTORS® left their screens behind to attend the 2022 Texas REALTORS® Winter Meeting, the first large-scale in-person association meeting in almost two years.

More than 700 members attended the February 11-15 event at the Hyatt Regency Austin. At the Opening Session, 2022 Chairman **Russell Berry [1]** remarked how great it was to see everyone outside of the boxes of a video conference call. Health and safety precautions were in place as REALTORS® reconnected, earned CE credits, and enjoyed fun and enriching sessions together.

"Resiliency is all about how you grow through challenges and opportunities," said keynote speaker **Eileen McDargh [2]**, award-winning motivational speaker, author, and executive coach. She shared humorous and moving anecdotes demonstrating adaptability, agility, humor, and alignment.

After McDargh's keynote presentation, Texas REALTORS® Chairman-Elect **Marcus Phipps led attendees in a toast to Berry [3]**, the first in-person recognition of Berry assuming the helm of the association's Leadership Team in 2022.

Leaders Look Forward

Berry called on members to "forge ahead" during a speech at the STARs Reception.

"Those two words have never meant more than they do at this moment in time. We have to keep moving forward, building upon our successes, and learning from our opportunities. We have to do what our members expect and more, and we have to do better than we have. That is our job, and our members expect us to continue to provide great services and push the envelope," he said.

The association celebrated Leslie Rouda Smith Day in honor of the 2022 NAR president and 2016 Texas REALTORS® chairman. **Texas Rep. Jeff Leach presented Rouda Smith [4]** with a proclamation and called her a leader of leaders who leads with character, integrity, and devotion to the industry and the people.

"I'm so proud to call Texas my home state," Rouda Smith said. "Texas REALTORS® are truly the best in the business. It's the honor of my lifetime to be your 2022 National Association of REALTORS® president."

The association welcomed several distinguished guests to the Winter Meeting: Rouda Smith and NAR Vice President of Advocacy Kaki Lybbert, both from Texas; TREC Chairman Scott Kesner and Executive Director Chelsea Buchholtz; Louisiana REALTORS® CEO Norman Morris and 2022 President Eloise Gauthier, NAR Region 10 Vice President Logan Morris, and longtime REALTOR® leader Marbury Little; as well as Texas REALTORS®-endorsed candidates for NAR offices Greg Hrabcak from Ohio and Kevin Sears from Massachusetts.

Awards Honor Outstanding Contributions

Texas REALTORS® honored several members, programs, and local associations for their work in 2021.

- William C. Jennings Award for commercial transaction of the year: **Cesar Cepeda [see page 22]**, Greater McAllen
- Education, Innovation category, **Real Talk [5]**, MetroTex
- Education, Marketing category, **Opening More Doors in 2021 [6]**, Houston
- Education, Series or Shorts category, **High Stakes & Hot Market [7]**, Austin
- Education, Legal category, **Broker Toolkit Series [7]**, Austin
- Educator of the Year, **Michica Guillory [8]**, Houston
- Lehman Governmental Affairs Achievement Award, **San Antonio Board of REALTORS® [9]**
- Grassroots Advocate of the Year, **Socar Chatmon-Thomas [10]**, Austin
- Tom D. Morton Award for an association executive's accomplishments and service to members, **Monica Peña [11]**, Greater McAllen
- Texas REALTOR® Good Neighbor Award, **Carmen Williams [12]**, MetroTex.

During the executive board meeting, CEO Travis Kessler honored two association executives who have earned special designations:

- American Society of Association Executives CAE designation, **Mike Barnett [13]**, executive vice president of Texas REALTORS®
- REALTOR® Association Certified Executive (RCE), **David Ramirez [14]**, CEO of the Brownsville-South Padre Island Board of REALTORS®.



Members Learn the Latest

Winter Meeting included educational sessions covering some of the hottest and developing topics in real estate.

Deirdre B. Mendez, Ph.D. [15], director of the Center for Global Business at The University of Texas at Austin, was featured at the global forum “Global Shift: Navigating Business Relations Abroad.” Mendez engaged the audience with information on how to build connections across borders and provided tools on how to tactfully approach new business situations.

2022 Texas REALTORS® YPN Chairman **Kylee Garza [16 at right, pictured with the last four YPN Chairmen]** moderated the YPN forum “Climbing New Heights: Exploring New Paths to Leadership.” The session featured a panel of previous REALTORS® To Watch Award honorees who shared advice on the various paths to leadership, how they got started in leadership, and how to stand out among the ever-growing pool of industry professionals.

The diversity program “Creating Greater Inclusion in Associations” began with a keynote session by **Leonard Moore, Ph.D. [17]**, George Littlefield Professor of American History and former vice president of diversity and community engagement at The University of Texas at Austin. Moore’s session was followed by multicultural and allied organization priority updates and a panel of local diversity leaders from Houston, Fort Worth, Austin, Corpus Christi, and Amarillo.

Michica Guillory [18], Commercial Committee Vice Chairman and Texas REALTORS® senior instructor, dispelled myths and explained a growing agricultural business in “First, It’s NOT Marijuana: Legal Hemp Laws and Texas Real Estate.”

Risk reduction was the focus at “Wait, TREC Rules and the Code of Ethics Aren’t the Same?!” The panel discussion featured **TREC Executive Director Chelsea Buchholtz [19, right]** and Texas REALTORS® Senior Associate Counsel David Jones.

Texas REALTORS® senior instructor Jodi Sherretts taught how members can “Protect Yourself with Paperwork” and covered documentation and common mistakes.

Texas REALTORS® senior instructor **Marion Napoleon [20]** explained how members can “Turn Your Designation into Dollars” by leveraging the credentials’ unique resources to your advantage.

Property taxes—and ways to lower them—were the subjects of the **Public Policy Forum [21]**. Public Policy Oversight Chair **Mario Arriaga** moderated a discussion with **Daniel Gonzalez**, founder/CEO of Gonzalez Public Affairs & Consulting; **Elizabeth Peetz**, vice president of governmental affairs at the Colorado Association of REALTORS®; and **Gavin Massingill**, lobbyist and former chief of staff to the speaker of the Texas House of Representatives.

“An Inside Look at the Texas Supreme Court and Texas Elections” came courtesy of **Texas Supreme Court Justice Evan Young [22]**. In his keynote, Young said Texans can be involved in the judiciary as much as they can with the legislative and executive branches of government. “Monitor the dockets—especially of the Texas Supreme Court—and if it looks like we have a case that may affect your business, file an amicus brief. I’m surprised by how few we get. We want them.”

Scott Braddock [23, right], editor of the *Quorum Report*, and **Jeremy Wallace [23, left]**, political reporter for the *Houston Chronicle*, recorded a live episode of their *Texas Take* podcast, in which they discussed candidates and dynamics of the upcoming primary and general elections.

Samantha Brown [24], Team Texas Director at the Texas Economic Development Council, discussed economic trends during commercial real estate programming. She said a strong and growing economy, a pool of available and more affordable talent, and lower taxes are making the Lone Star State’s brand stronger than ever. Lawrence Dean, senior vice president of Advisory-Texas for Zonda, addressed residential building trends and commercial real estate. A panel of REALTORS® from commercial real estate associations discussed best practices during and after the pandemic.

Author **James Haley [25]**, whose biographies of Sam Houston and Jack London won the Spur Award from the Western Writers of America, addressed the TREPAC Awards and Investor Breakfast.

TREPAC celebrated its 50th anniversary with a fundraising party and major investor appreciation event. Attendees enjoyed food and drinks and a performance from Western swing band Asleep at the Wheel. TREPAC also hosted a Super Bowl watch party and volleyball fundraiser.

Directors Discuss Association Business

The association’s board of directors elected **2023 Leadership Team [26]** members Secretary/Treasurer **Jef Conn [far left]** and Chairman-Elect **David Alan Cox [second from left]**. **Marcus Phipps [center]** was announced as chairman in 2023, with **Russell Berry [far right]** serving as immediate past chairman. Also pictured **[second from right]** is President & CEO **Travis Kessler**.

The board approved the election of 2023 regional vice presidents: Region 2: **Max Puello [a]**, San Angelo; Region 3: **Tim Beary [b]**, Arlington; Region 3: **Brenda Taylor [c]**, Greater Lewisville; Region 4: **Amanda Phillips [d]**, Greater Texas; Region 5: **Debbie Conner [e]**, Longview; Region 6: **Skeet Doss [f]**, Permian Basin; Region 7: **Emaly Baehr [g]**, Central Hill Country; Region 8: **Sonya Powers [h]**, Highland Lakes; Region 8: **Lennox Alfred [i]**, Fort Hood; Region 9: **Angie Williams [j]**, Lufkin; Region 11: **Shari Kirk [k]**, Corpus Christi; Region 12: **Sid Thom [l]**, MetroTex; Region 12: **Jeff Varnell [m]**, MetroTex; Region 12: **James Martin [n]**, MetroTex; Region 12: **Belinda Epps [o]**, MetroTex; Region 12: **Bette Washington [p]**, MetroTex; Region 13: **Courtney Gill [q]**, San Antonio; Region 14: **Shae Cottar [r]**, Houston; Region 14: **Jo Ann Stevens [s]**, Houston; Region 14: **Jemila Winsey [t]**, Houston; Region 14: **Mike Wong [u]**, Houston; Region 14: **Thomas Mouton [v]**, Houston; Region 14: **John Nugent [w]**, Houston; Region 14: **Jennifer Wauhob [x]**, Houston; Region 14: **Deborah Spangler [y]**, Houston; Region 14: **Cindy Hamann [z]**, Houston; Region 15: **Bill Morris [z2]**, Austin; Region 15: **Job Hammond [z3]**, Austin.

Secretary/Treasurer David Alan Cox briefed the board on membership numbers and budget details. Membership has risen more than 9% since last year and now totals 156,020 members.

It’s not too early to mark your calendars for the next major in-person REALTOR® meeting: the 2022 Shaping Texas Conference and Trade Expo takes place September 15-18 at the Fort Worth Convention Center. Stay tuned to learn more and register this summer. ★





2023 REGIONAL VICE PRESIDENTS



TEXAS REALTORS® 2022 WINTER MEETING

THE CURE FOR A VACANT HOSPITAL



Google Earth Image © 2021 CNES/Airbus



McAllen REALTOR® Cesar Cepeda revived a vacant medical building by leasing it to a federally funded children's boarding facility and then selling the property to an investor. Read about the deal that won Cepeda the 2021 William C. Jennings Award for commercial transaction of the year.

by Joe Olivieri





TERMS OF THE DEAL

A long-term acute care hospital specializes in treating critically ill patients who require extended treatment in hospitals. This can include patients who are on ventilators, have multiple organ system failure, or who have complex wounds.

Common in commercial real estate, a triple net lease is an agreement in which the tenant pays taxes, insurance, and maintenance along with the rent and utilities. The landlord has no responsibilities for expenses; the rent is net income, says Cesar Cepeda.

were no longer paying the mortgage out-of-pocket. The tenant began operations with 105 children and 80 staffers.

Going Forward with a New Buyer

With the leasing complete, Cepeda could begin marketing the property for sale. A private equity fund from Florida submitted a letter of intent, which was accepted after some negotiations. The property went under contract.

“The buyer had the right to conduct feasibility and inspections, only to find that a property hosting minors is not open to the public, contractors, and inspectors,” Cepeda says. “I intervened and participated in monitored inspections guided by the tenant’s personnel and conducted numerous visits with contractors in order to complete any requested repairs or services required in the purchase agreement.”

During the visits, Cepeda saw the children who were now living in the building he was representing. He didn’t know what circumstances brought each child to the North Jackson Road site. He didn’t want to know—“I am very weak when it comes to children’s issues,” he explains.

He saw children taking steps toward a better life, taking classes, and meeting with counselors. He saw their potential and thought, *Who knows who they will become or what they will accomplish when they grow up?*

Cepeda was surprised and proud when he learned he had won the Jennings award. Sure, he considers himself a competitive Type-A personality and enjoyed closing the deal. But at the end of the day, the only accomplishments that really matter are the ones you do in the service of others, he says.

“These children don’t know what I did. They will never know. But I was there. I was an important part of the process to achieve something for the better. Every single one of us in this industry face opportunities every day. Sometimes we think it’s just another deal, but it’s an opportunity to be in the right place at the right time to change someone’s life.” ★

JOE OLIVIERI is assistant editor for Texas REALTOR®.

The North Jackson Road property in McAllen had been vacant for 18 months by the time Cesar Cepeda got involved. The former tenant had vacated the premises before the triple net lease expired.

“I explained to the owners that when you sell a vacant building, the buyer will pay for the bricks and the land. If you want to sell the business, you need to create an income,” Cepeda says. “So my strategy was to lease the property to follow with a sale. And that’s exactly what we did.”

The RE/MAX Associates broker associate went looking for another medical provider to lease the long-term acute care hospital. Instead, he found a federal contractor that provides services to underprivileged children. Retrofitting the hospital presented new challenges and complex negotiations.

So began a months-in-the-making deal that earned Cepeda the 2021 William C. Jennings Award for commercial transaction of the year. Today, the facility is currently leased by the contractor and has a new owner committed to leasing the property.

In Search of a New Provider

Cepeda loves using direct mail to find and market the income-producing investment properties he sells. He got in touch with the hospital owners, a local private equity group, through a solicitation letter for a different property.

“Right away, they were excited about the possibility to go back to getting income from this property,” Cepeda says. “The first day, I told them, ‘I don’t do miracles. I do my job to the best of my ability. This is going to be a very long process and very complicated. If you expect something else, I thank you for your time.’”

The hospital had been a long-term acute care hospital since it was built in 2006. Continuing that use seemed a natural fit. Cepeda sent roughly 430 personalized letters to every long-term acute care hospital in the country asking if they wanted to expand to South Texas. Two responded but nothing happened, he says.

News of the vacancy spread by word of mouth and reached a prospective tenant—a federal contractor that provides services to underprivileged children. The contractor submitted a letter of intent.

The contractor provides shelter and medical services, educational classes, and counseling. It also offers healthy meals, clothing and laundry, recreational activities and resources, legal representation, and religious services.

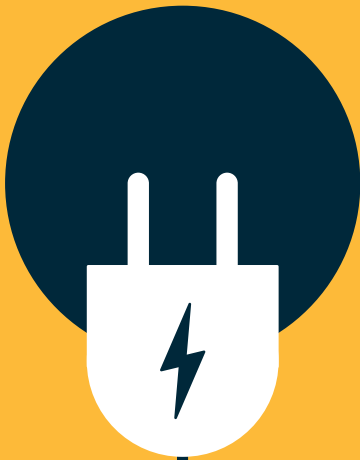
“They were looking for a kind of boarding school, which has nothing to do with a hospital. But if you think in terms of the facility, it works well because it has private rooms where you can host the children. It has a cafeteria and medical services and security. With some creativity, it was the right place,” Cepeda says.

Cepeda met with the tenant to determine its exact needs and then met with city and state officials to discuss requirements and alternatives. Retrofitting the hospital would cost hundreds of thousands of dollars and include adding room divisions, a new laundry facility, and safety upgrades. Half of the cost was for new HVAC units for the 30,000-plus-square-foot building.

Through negotiations, the parties reached an agreement: the tenant signed the triple net lease with a yearlong warranty on mechanical and structural systems.

The owners did not have the time to supervise every aspect of the permitting and contracting process. Cepeda helped out by occasionally communicating and coordinating with vendors. Eventually, the parties received a certificate of occupancy, completed inspections, and gained state approval so the tenant could start operating the facility.

Once the lease was signed, everybody was happy, Cepeda says. The facility was producing rental income again, and the owners



Are You Current on TREC's New Inspection Requirements for GFCI and AFCI devices?

by **Brian Greul**



The Texas Real Estate Commission recently approved changes to the standards of practice that home inspectors are required to follow. As of February 1, 2022, the standards strengthen the consumer protection role that inspections play in real estate transactions. The new standards include changes to inspections of GFCI and AFCI devices. As a REALTOR®, you should not attempt to answer questions outside of your expertise, but you may find it helpful to understand the new requirements.

Ground Fault Circuit Interrupters

GFCI, or ground fault circuit interrupters, protect people from being shocked. GFCIs are also called ground fault interrupters, and in some parts of the world, they are called residual current devices or RCDs. The other names are useful for when working with international clients.

According to the Occupational Safety and Health Administration, as little as 50 to 150 milliamps (mA) of current can cause a person to stop breathing, resulting in death. For reference, an LED light bulb with a 60-watt equivalent output can use 80 mA of power—enough to potentially kill someone.

When someone is shocked, an electrical leak is occurring in the circuit. The leaking energy is going through the person's body. GFCIs look for leaking energy in a circuit and cut off the power when they detect it above a certain level, typically 4 to 6 mA. By cutting the power very quickly, a GFCI can greatly reduce the danger of injury or death from shock.

GFCI devices are typically found in the home in three forms: a circuit in the breaker panel, as a wall outlet, and as a portable type commonly seen on pressure washers. GFCIs also have two common classes, Class A and Class C. Class C will interrupt current or trip at 15 to 20 mA of current. Class A units trip between 4 and 6 mA of current. Current GFCI outlets and breakers provide Class A protection.

**Broadly,
GFCIs protect
people, and
AFCIs protect
property.**

GFCI devices were first required under building codes in 1971 for areas around pools and outdoor locations. In 1975, this was expanded to bathrooms. Garages were added in 1978. Between 1987 and 1993, the requirement was

expanded to most of what we know today. In 2005, it was expanded again to include laundry rooms.

TREC adopted the requirements found in the current International Residential Code, or IRC. This is the model building code that all Texas counties and most cities use. Under Texas law, the minimum building code is the 2006 edition. However, each county and city typically adopts a specific edition of the code. Most cities are using the 2012, 2015, or 2018 edition of the code with local amendments



or changes. The building code is updated every three years. These requirements are also found in the National Electrical Code, or NEC. In Texas, all electricians are required to follow the 2020 NEC regardless of where they are working in the state. This provides electricians with a consistent standard anywhere within Texas.

The required locations for GFCI devices are receptacles in bathrooms, garages and accessory buildings, outdoor areas, crawlspaces and lights in them, basements, kitchen

countertops, laundry areas, indoor damp or wet locations, kitchen receptacles for dishwashers, electrically heated floors, and any receptacle within 6 feet of the edge of a sink, shower, or bathtub. A receptacle is any device that uses power, including outlets, but not including switches. Any receptacle not meeting these requirements is a deficiency on a TREC inspection, regardless of when the home was built.

As part of the inspection, inspectors will test the GFCI devices using a combination of the test button and handheld testers. It's not uncommon to see a failed GFCI where the unit either fails to reset or the test button stops working. Fortunately, adding or replacing GFCI protection to existing circuits is an easy project for a qualified electrician.

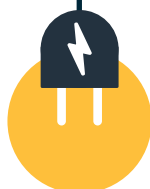
Arc Fault Circuit Interrupters

TREC also expanded the standards of practice to include arc fault circuit interrupters, or AFCIs.

It's common to confuse AFCI and GFCI devices. Broadly, GFCIs protect people, and AFCIs protect property. AFCI devices look for arcs. When they sense an arc fault on a circuit, an AFCI trips the circuit off, helping to prevent arcs, which can lead to fires.

Like GFCI devices, AFCI devices can be found as circuit breakers, special outlets, or portable cord-type devices. The circuit-breaker style is the most prevalent. There is some confusion around naming. AFCI devices are sometimes called CAFCI, for combination arc fault circuit interrupters. The combination being referred to is both parallel and series types of arcs. All AFCI devices are required to be combination arc fault circuit interrupters. While a CAFCI unit will detect a ground fault, it does so at a much higher current than a GFCI unit. A CAFCI does not provide an adequate level of GFCI protection to prevent injury. Adding to the confusion, there are breakers that offer the protection of an AFCI and GFCI. These are called dual-function breakers and should not be confused with combination breakers.

**An LED light bulb
with a 60-watt
equivalent output
can use 80 mA of
power—enough
to potentially kill
someone.**



Under the new TREC inspection standards, it is considered a deficiency if AFCI protection is not in kitchens, family rooms, dining rooms, living rooms, parlors, libraries, dens, bedrooms, sunrooms, recreation rooms, closets, hallways, and laundry

Now that this requirement went into effect, you are going to see many homes with deficiencies on the inspection report because of a lack of AFCI protection.

areas. You may be asking yourself, *what's left?* The answer? Not much. The takeaway is that homes need to have AFCI protection in all living areas. This includes existing homes. Now that this requirement went into effect, you are going to see many homes with deficiencies on the inspection report because of a lack of AFCI protection.

It's important to note that arc faults are a leading cause of residential house fires in the U.S. Each year, over 40,000 fires are attributed to faulty electrical wiring. This

results in over 350 deaths and 1,400 injuries each year. AFCI devices can substantially reduce the number of fires by cutting off the circuit when electronic monitoring senses the type of spark likely to cause a fire.

AFCIs are a relatively recent development. They were

invented in the late 1980s, and Underwriters Laboratories (UL) began working on a safety standard for them in 1998. The National Electrical Code (NEC) called for them in bedrooms as early as 1999. Electricians are required to follow the most recent NEC that has been adopted by the state. It's currently the 2020 NEC. The reason bedrooms were first is because statistics showed that the most deaths could be prevented by using them there. In 2008, the NEC was expanded to include all other locations except kitchens and laundry areas. Those were added in 2014.

One notable difference from GFCIs is that it can sometimes be complicated to add AFCI protection to older homes. AFCIs are prone to something called nuisance tripping. Nuisance tripping is where the AFCI trips, detecting what appears to be a hazardous condition when one does not actually exist. One example of a nuisance trip would be in a home where the wires were stapled too tightly to the wall studs. AFCI manufacturers have worked to reduce nuisance tripping, but it is still a factor. Some houses may need to have wiring replaced if the owner wants to upgrade to having AFCI protection on a given circuit. When considering adding AFCI protection, a qualified electrician can determine how complicated the upgrade will be as well as the estimated cost. As a REALTOR®, it is best that you stay away from discussing the particulars and let the qualified electrician determine what it takes to add AFCI protection to a home. ★

BRIAN GREUL is the owner of GreenLight Inspections and Pest Control, TREC Inspector #24271 and CE Provider #10536. He serves the Houston/Galveston region and can be reached at brian@txgreenlight.com.



HOUSING DISCRIMINATION? NOT IN OUR HOUSE.

 TEXAS REALTORS

If recent events have taught us anything, it's this: we have more work to do. Racism is real, tragically so. Discrimination, in all its forms, still casts a long shadow in this country, and too many are being denied the opportunities that all Americans deserve. Our commitment to the diverse communities we serve starts with a Code of Ethics. Our code sets a higher standard for fairness in housing than any federal law, it's backed by a culture of member accountability, and it extends to our work on Capitol Hill, where we continue to advocate for meaningful change.

At Texas REALTORS® we believe that fairness is worth fighting for, and we won't stop until the fight is won. Because that's who we are.

If you experience or witness discrimination in real estate, we urge you to report it.

Visit hud.gov/fairhousing to file a complaint with the Department of Housing and Urban Development.

THAT'S
WHO WE
REALTOR



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DON'T LET MYTHS STEER YOUR HOME SALE

Selling a property can be just as stressful as buying one. Your home is where your treasured memories—and probably your largest financial investment—reside.

You want every part of the sale to go smoothly. So don't let incorrect or outdated ideas influence your transaction! Avoid these myths when you put your house on the market:



MYTH: REMODELING PROJECTS ALWAYS YIELD DIVIDENDS WHEN YOU SELL.

Your renovation could pay off when it's time to sell, but many don't. Some updates may make your property more attractive to buyers, and others do raise appraisal values and sale prices, but don't count on getting back dollar-for-dollar what you spent.



MYTH: YOUR HOUSE IS WORTH WHAT YOUR FRIEND'S OR NEIGHBOR'S HOUSE SOLD FOR.

Many factors determine your home's value, including property condition and nearby comparable sales. Appraisals aren't the same as sale prices, either. Just because your neighbor sold her home for \$50,000 over asking price doesn't mean yours will. Every situation is different.



MYTH: YOU'LL SAVE MONEY BY SELLING THE HOME YOURSELF.

A REALTOR® is a trusted professional who can guide you through each step of the transaction, including pricing your home and assessing offers. A REALTOR® can help you avoid missing important deadlines or making costly mistakes that could threaten the entire sale. Your REALTOR® also may be able to help you attract more and better offers.



MYTH: THE HIGHEST OFFER IS ALWAYS THE BEST.

Money is important but other factors matter, too. The best offer also works with your timetable and terms. Your REALTOR® can help you navigate multiple offers.

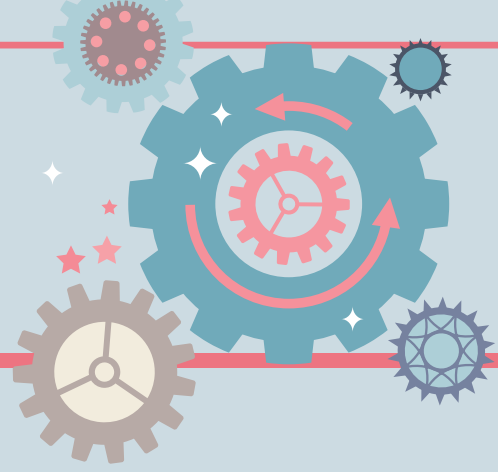
MYTH: DON'T ACCEPT THE FIRST OFFER.

Sometimes the first offer is the best offer. Don't disregard it just because it arrived first. Consider whether it meets your goals and what might happen if you reject it without having other offers in hand.

Your REALTOR® can help you separate fact from fiction and guide you to make the best decisions for you.



TAKE 5



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DELEGATE TO ACHIEVE MORE

It can be hard to let go. But by training others to lighten your workload, you can better focus your attention on reaching your business goals. Try these approaches to make delegating easier:

START SMALL

This isn't the time to offload a high-stakes, time-sensitive project. Instead, let someone else update your website or take care of administrative work so that you can meet with more clients or update your business plan.

REMEMBER, IT'S A PROCESS

Mistakes might happen, and responsibilities you handled could take someone else longer to get done in the beginning. However, once the task is learned, having the extra time for listing presentations will be worth it.

OFFER YOUR WISDOM

Share the tricks you have learned along the way to make the assignment easier and more efficient. Being a mentor can be satisfying and great for relationship and team building.

EXPRESS CONFIDENCE

Check in for peace of mind but don't micromanage. Instead, empower the person you chose to take ownership of the work. Trust that people you delegate to will come to you with any questions.

GIVE RECOGNITION

Credit the person for taking on a new challenge and share how it helped you focus your priorities. Learning how it had a positive impact is good for morale and can create a willingness to take on future tasks.





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