

# TEXAS REALTOR®

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## No Plan for Cybersecurity?

Criminals Love That  
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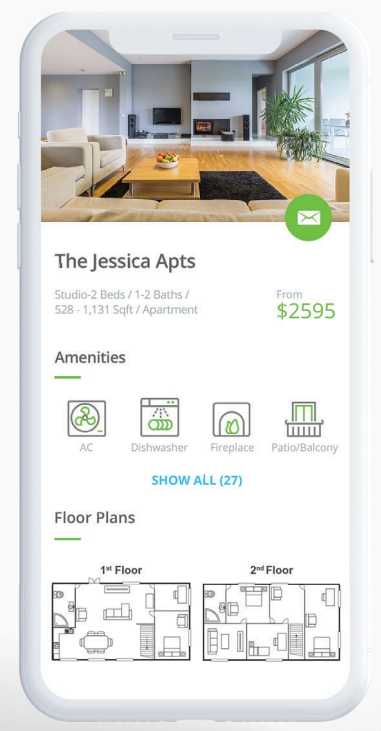


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### Have You Heard of TARHOF?

by Payton Reeves

Many REALTORS® have never heard of the Texas REALTORS® Housing Opportunity Foundation, a nonprofit that works to promote affordable housing across Texas. Learn how you can help change lives through your support.





“In my experience, we serve our clients best when we adopt an attitude of respect and cooperation.”

## Chairman's message

Remember how uncertain everything was when the pandemic started? We faced so many unknowns, including what would happen in the real estate market.

Thankfully, Texas REALTORS® worked during the early days of the pandemic to get real estate designated as an essential service. Transactions could proceed with proper health and safety precautions in place. Even so, who would have imagined the volume of residential transactions to come, the multiple-offer scenarios that would take place, and the price appreciation we've seen during the last few years? It has been astonishing. But in retrospect, it's not such a surprise. After all, the quality of life and opportunities in Texas cities, towns, and rural areas are unsurpassed.

Many Texas markets have eased off from the record sales of last spring and summer, but only slightly. The number of transactions this year far surpasses the sales during the same time period in the years prior to the pandemic. In other words, the Texas real estate business is still booming.

A thriving real estate market still presents challenges, though. Amid such high sales activity, we have to maintain the high level of service and professionalism expected of REALTORS®. That applies to our clients and customers and to each other. Yes, we

have a fiduciary duty to our clients, but remember that the Code of Ethics requires us to treat all parties honestly.

Our responsibilities to others go even beyond honesty. In my experience, we serve our clients best when we adopt an attitude of respect and cooperation. An adversarial stance might be the reflex when parties are on opposing sides of a transaction, but I find that people are generally happier and more successful when we seek the proverbial win-win in real estate transactions.

For example, I believe we owe it to our clients to make sure newer agents—all agents, really—are filling out contracts correctly. There's a way to point out issues like that without a “gotcha” mentality. It is just professional that we all work together.

Speaking to you new REALTORS®—nearly 30,000 current members have joined since January 2020—keep in mind that hot real estate markets don't last forever. Those of us who have been in business a while understand that market conditions can turn. No matter what is going on in the market, though, professionalism and respect for others are always the right approach. It's the REALTOR® way.

**Russell Berry**

## How Your Office Depot/OfficeMax Benefit Changed



The Office Depot/OfficeMax discount card is a popular benefit available to members of Texas REALTORS®. However, the program changed in May to the ODP Business Solutions Store Discount Program. This transition is more than a new name.

The ODP program offers two types of discounts for members of Texas REALTORS®:

- **Full discounts:** These discounts are the ones you had with the Office Depot/OfficeMax discount card. They will be offered only for online purchases.
- **Standard discounts:** These discounts will be offered on certain product categories when you purchase in the store.

### How to Get Full Discounts

The full discounts are available when you place orders online. Orders can be delivered to your home or business, or you can pick them up at your local Office Depot or OfficeMax store.

Full discounts include:

- Up to 55% off on office supplies
- Up to 55% off on cleaning and breakroom items
- 10% off branded; 20% off private brand ink and toner
- Average 10% off on over 200 technology items
- Free next-day shipping on orders of \$50 or more
- Significant savings on copy and print.

Visit [texasrealestate.com/odp](https://texasrealestate.com/odp) to access the full discounts, either by creating an account or using your previous Office Depot/OfficeMax login.

### How to Get Standard Discounts

You can take advantage of standard discounts on certain product categories when you shop in-store and have your member QR code scanned at the register. Standard discounts include:

- 30% off copy and print
- 20% off supplies
- 10% off ink/toner, furniture, cleaning, and breakroom and peripherals.

Visit [texasrealestate.com/odp](https://texasrealestate.com/odp) to download the ODP Business Solutions mobile app and access the QR code.

Visit [texasrealestate.com/odp](https://texasrealestate.com/odp) to create a new account, log in to your existing account, shop online, download the app, and access FAQs.

## TEXANS HONORED AND APPOINTED BY NAR



Three Texans received special recognition at NAR's REALTORS® Legislative Meetings in National Harbor, Maryland, in May.

**Vicki Fullerton [top]** of The Woodlands was named a recipient of the Federal Political Coordinator (FPC) Meritorious Service Award. Fullerton has served for 26 years as the FPC for Congressman Kevin Brady of the 8<sup>th</sup> Congressional District of Texas. She was honored for outstanding service advocating for REALTORS® and real estate issues, as well as participating in political events in the district.

**Sara Briseño Gerrish [center]** of San Antonio was appointed as the 2023 Housing Issues liaison. Kenny Parcell, 2023 NAR president, called Gerrish a bright star and a champion for affordable and fair housing.

**Cindi Bulla [bottom]** of Amarillo will serve as NAR's 2023 Region 10 vice president. Bulla, who presided as chairman of Texas REALTORS® during the association's centennial in 2020, will oversee the work of the association and serve as an NAR spokesperson for the region, which includes Texas and Louisiana.

## HOMESTEAD EXEMPTION INCREASED

On May 7, Texas voters overwhelmingly voted for Proposition 2, a constitutional amendment that raised the homestead exemption from \$25,000 to \$40,000. This measure, which was strongly supported by Texas REALTORS®, passed both chambers of the Texas Legislature in 2021. Nearly 85% of voters voted for the

proposition. According to the bill's author, Sen. Paul Bettencourt, the increased homestead exemption will save the average homeowner \$176 annually. Texas REALTORS® continues to advocate for legislative and other efforts that reduce the tax burden on property owners in Texas.







## WILL YOU LOWER YOUR COMMISSION?

It can be tricky when a client or prospective client asks you to lower your commission. You may feel upset and want to start and end the conversation with a firm no. But a longer discussion may be required. Here are some tips to consider:

### Ask Why and Listen

When clients or prospects ask about lowering your commission, it may feel like they're undervaluing your worth as an agent, but they may be uneducated about the process. They might be interested in paying you a lower commission for reasons completely unrelated to the amount and quality of your work in the transaction. Before getting worked up, really listen to what the person is saying. Anyone with questions or apprehensions wants to feel heard in order to make the best decision possible. If you keep your composure and listen with an open mind, you may be surprised at the success of the conversation.

### Address Concerns

After you've listened to the person's thoughts, address what you heard—any concerns or questions. You may want to detail the monetary side of transaction or explain your role and the full list of services you provide. (You can find many resources to share at [competition.realtor](https://www.competition.realtor), a website from NAR that explains the value REALTORS® bring to clients, how commissions work, how consumers benefit from different business models, the value of the MLS, and more.) The person may still want you to lower your commission but will appreciate your effort to really listen and answer questions.

### Before You Negotiate Your Commission

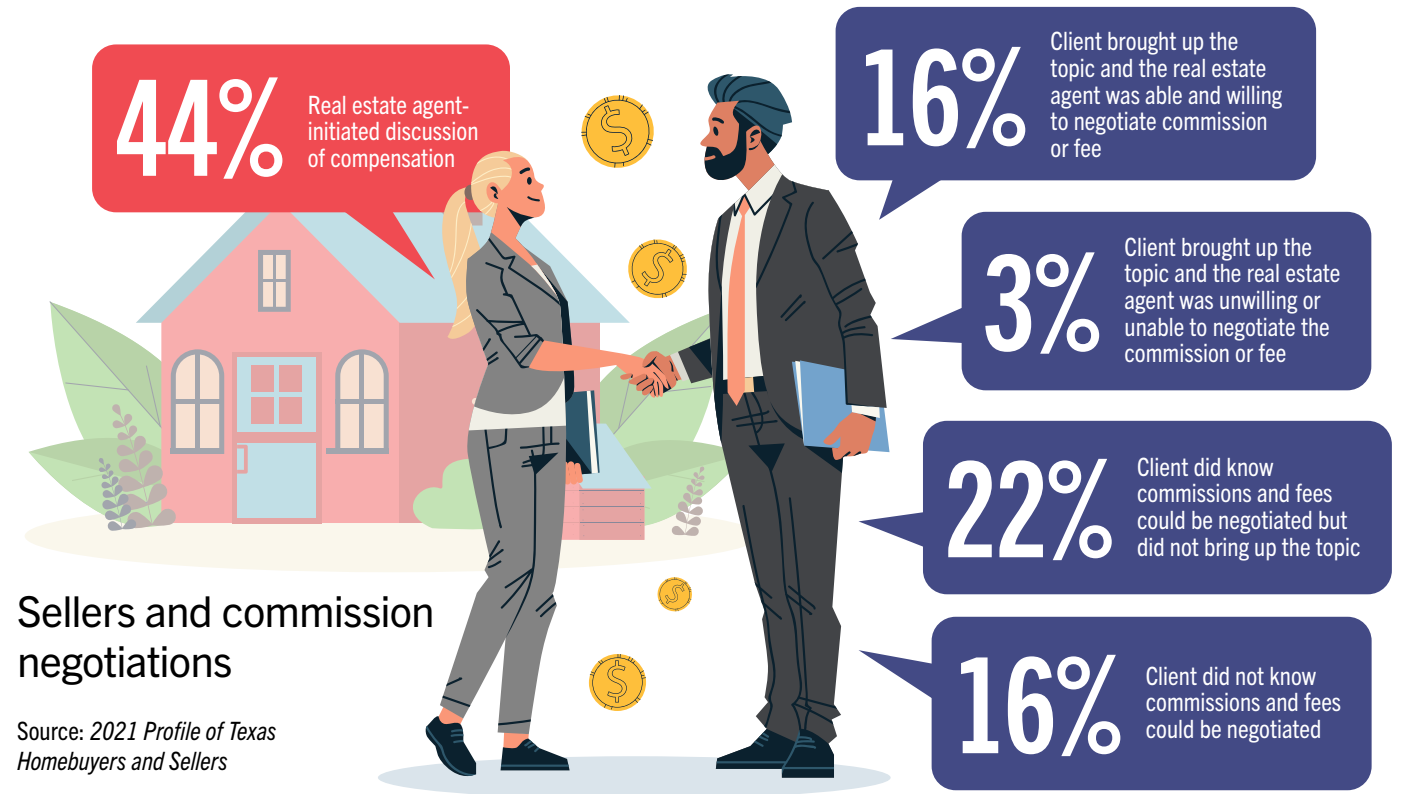
**Remember: Commission negotiations should only occur with your broker's knowledge and consent. If a commission negotiation comes up between a sales agent and client, the agent should tell the client that all negotiations are subject to the broker's approval.**

### Show Your Worth

If the seller is still apprehensive about paying your full commission, show the proof of your success. Provide testimonials and statistics that demonstrate how you achieve results for your clients, especially any that exceed averages in your area.

### Negotiate or Say No

If you have a strong desire to work with this client, you can negotiate. For example, you and your client may agree that you will provide fewer services than you usually do. However, be sure to keep in mind that the minimum-services provisions of The Real Estate License Act impose certain requirements on all brokers representing a party regarding client communications and negotiations. At a minimum, brokers must inform their clients if they receive material information related to the transaction, answer their clients' questions, and present any offer to or from their clients. Just remember, when a client or prospect asks if you will take less compensation, you can always say no.



## THE BENEFITS OF AN MLS

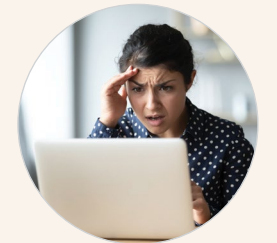
Where can you find the most complete, accurate data on homes for sale? Your multiple listing service. If clients and prospects don't understand the benefits of the MLS, here are points you can share.

### With the MLS

- Largest database of available homes
- Most up-to-date home information
- Maximum visibility of homes for sale

### Without the MLS

- No centralized source of available homes
- Outdated home status information
- Fewer homes for buyers to choose from/less exposure for homes being sold



Find more information from NAR about the MLS and benefits to consumers of the REALTOR® organization at [competition.realtor](https://www.competition.realtor).



## MAKE IT EASIER TO GAIN LEADS FROM INSTAGRAM

Sharing pictures on Instagram can be great exposure for your real estate business. However, since Instagram doesn't allow clickable links on individual posts, you could be losing out on potential clients. Try these three ways to make it easier for your audience to learn more about you and your business.

**Maximize Your "Link in Bio."** A link service tool, such as Linktr.ee or Lnk.Bio, makes it possible to showcase multiple links from your single profile link. Depending on the template or plan you choose, there are options to customize the landing page with your logo and images from your Instagram posts. In addition, some plans offer tracking and other analytics.

**Add a Sticker.** Instagram Stories are a fun way to give a virtual tour of a home or show the behind-the-scenes of a listing. When creating a story, select the link icon at the top of the navigation bar, choose a sticker image, and add a link. The sticker will pop up during the story for the viewer to tap.

**Utilize Short Links.** Even though typing a link in a caption won't actually work as a hyperlink, that doesn't mean you shouldn't add one. Short URL generators like Bitly and TinyUrl will transform long links into short links that users can type or cut and paste into a web browser.

Whatever way you choose to add links on your Instagram account, be sure to use clear instructions such as *click here to schedule a call*, *tap to learn more*, or *copy this link into your browser*. Also, make sure to always follow TREC rules, the Code of Ethics, and fair housing laws.



## GO BEYOND EMAIL TO FOSTER RELATIONSHIPS

Emails are a great way to share new listings and the latest market updates. However, while informative, they lack a personal touch. To reach out in a more meaningful way, try sending handwritten notes.

**Customize It.** The message doesn't have to be long, but it should be specific to the individual. For example, share something new about a neighborhood or local event that your prospective or current client has shown interest in.

**Offer Gratitude.** Besides a thank you card for a referral or after a closing, express that you value their time. Send a note of appreciation following a meeting or an open house.

**Stay Connected.** There doesn't always have to be an occasion. A quick note to check in, to say that you are looking forward to catching up, or that you are available to help is another way to stay top of mind.

While emails have their place, taking the time to create personalized handwritten notes will help you stand out and build stronger relationships.



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# Give your client an advantage with a Verified Approval.<sup>1</sup>



Getting your client approved before you even start showing them houses can make the difference in getting their offer accepted. A Verified Approval through Rocket Mortgage® shows sellers that your client is serious because their income, assets and credit have already been confirmed. It also helps you look prepared and ensures your time is being properly spent. It's a true win-win.

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<sup>1</sup>Your client's participation in the Verified Approval program is based on an underwriter's comprehensive analysis of their credit, income, employment status, debt, property, insurance and appraisal as well as a satisfactory title report/search. If new information materially changes the underwriting decision resulting in a denial of the credit request, if the loan fails to close for a reason outside of Rocket Mortgage's control, or if the client no longer wants to proceed with the loan, their participation in the program will be discontinued. If the client's eligibility in the program does not change and their mortgage loan does not close, they will receive \$1,000. This offer does not apply to new purchase loans submitted to Rocket Mortgage through a mortgage broker. This offer is not valid for self-employed clients. Rocket Mortgage reserves the right to cancel this offer at any time. Acceptance of this offer constitutes the acceptance of these terms and conditions, which are subject to change at the sole discretion of Rocket Mortgage. This is not a commitment to lend. Additional conditions or exclusions may apply.

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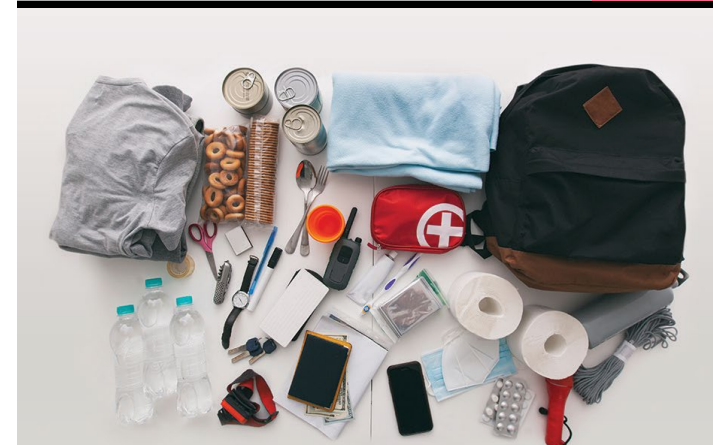


## HOMEOWNERSHIP RATES BY RACE IN THE LONE STAR STATE

- Black - 41%**
- Hispanic - 60%**
- Asian - 66%**
- White - 69%**



Source: NAR's 2022 Snapshot of Race and Home Buying in America. Find the full report, which includes information about loan denials, housing affordability, homebuying characteristics, and more, by searching the report name at nar.realtor.



## DON'T LEAVE HOME WITHOUT IT

If you really want to wow clients with your preparedness, throw these items in your car before your next showing or open house. You never know when they'll come in handy.

- Pen and paper
- Umbrellas
- Tape measure or measuring app
- Cell phone chargers
- Bottled water and snacks
- A few dollars and spare change
- First aid kit
- Extra sunglasses
- Stain remover
- Children's books/toys

## TALK ABOUT THE WEATHER

Texas is no stranger to significant weather events. If your clients are concerned about natural disasters, share these resources with them. These government agencies offer advice about how to prepare for any forecast and recover from the aftermath.

- Federal Emergency Management Agency**, [fema.gov](https://www.fema.gov)
- Texas Department of Housing and Community Affairs**, [tdhca.state.tx.us/disaster-resources/](https://www.tdhca.state.tx.us/disaster-resources/)
- Texas Department of Insurance**, [tdi.texas.gov](https://www.tdi.texas.gov)
- Texas Department of State Health Services**, [texasready.gov](https://www.texasready.gov)
- Texas Division of Emergency Management**, [tdem.texas.gov](https://www.tdem.texas.gov)
- Texas Hurricane Center**, [gov.texas.gov/hurricane](https://www.gov.texas.gov/hurricane)
- National Weather Service**, [weather.gov](https://www.weather.gov)
- U.S. Department of Homeland Security**, [disasterassistance.gov](https://www.disasterassistance.gov)

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## BRIDGE THE GAP

### How to Work Better With Different Generations

Some say age is just a number, but that number places you in a particular generation. Whether you identify with your generation or not, there are a lot of events and trends that shaped you and others of a similar age. That doesn't mean that each member of a generation is the same.

As a REALTOR®, you work with people across the generational spectrum. While clients may have qualities and preferences that stray from yours due to a generational difference, each person is an individual first. You may have more in common than you thought. Here are some ways to connect when working with clients of a different generation than yours.

### Let Go of Stereotypes

While stereotypes are often not true and can be harmful, they occasionally slip into our minds. Be aware of preconceived ideas you may have so you can combat them. When first meeting a client, get to know that person as an individual without basing your assumptions on age or appearance. Don't automatically presume young clients prefer communicating over text, and don't assume that older clients aren't proficient with the latest technology. Go into each interaction with a prospect or new client with an open mind so you can best meet your client's needs.

### Search for Similarities, Not Differences

It can be easier to recognize the differences you have with someone else, so try focusing on what you have in common. There are likely some things you and your clients can bond over. If you're having trouble relating to your client, find out what they're interested in. Whether it's favorite foods, sports, entertainment, or activities, you may discover something you can connect through. Searching for similarities can help you foster a better relationship with your client and improve your communication and overall experience with each other.

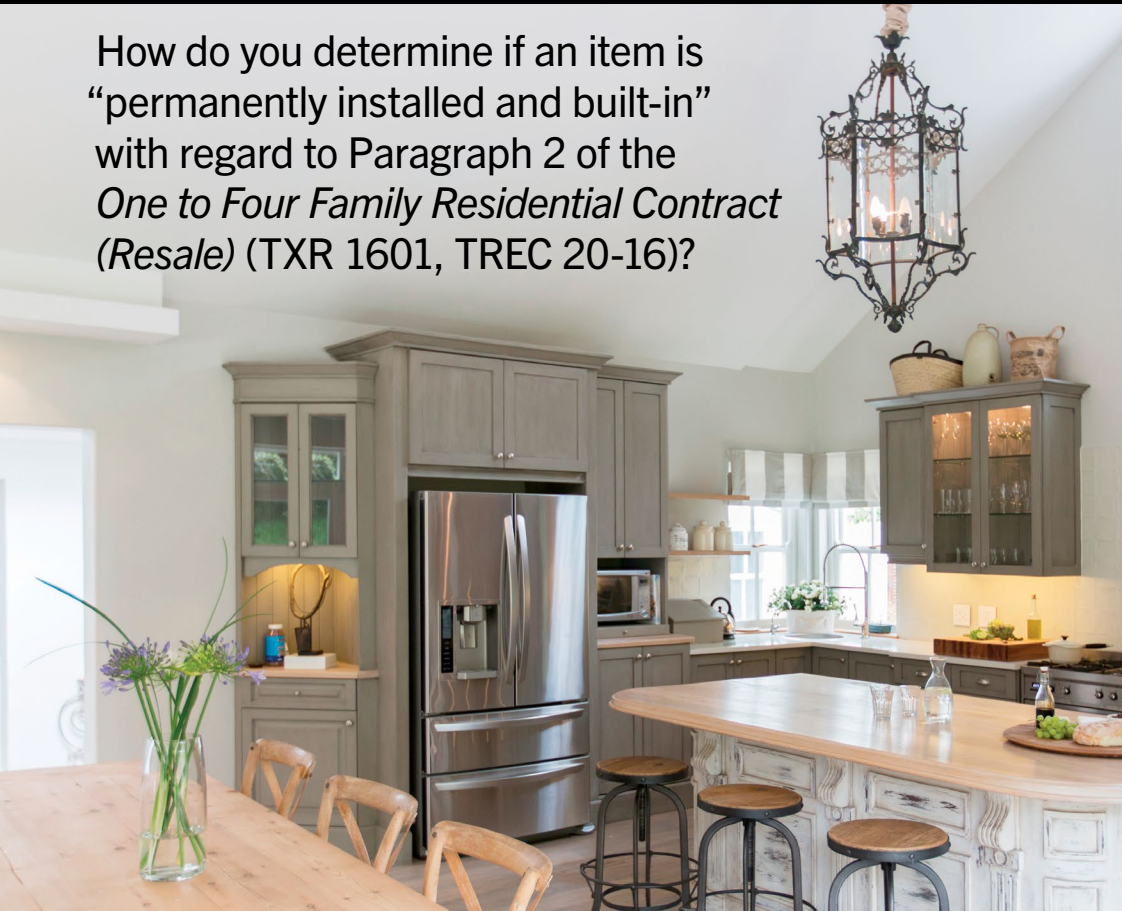
### Be Willing to Learn

It can be challenging to learn new things. However, whether you're figuring out TikTok or working on your handwriting for personal notes, keeping an open mind will benefit you and your clients. You will expand your skillset, which allows you to meet the needs of a wider array of prospects. Your clients will appreciate your efforts and may even be more likely to refer you to others. You may find that you actually prefer new techniques to your previous ways of communicating and working with people from every generation.



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How do you determine if an item is “permanently installed and built-in” with regard to Paragraph 2 of the *One to Four Family Residential Contract (Resale)* (TXR 1601, TREC 20-16)?



Whether an item of personal property has been so permanently attached as to constitute realty is a question of fact. Juries consider three factors when determining whether personal property has become real property:

1. Will the property be damaged by removal? If so, to what extent? (This question determines the mode and sufficiency of attachment.)
2. Is the item customized for the property, or is it standard? (This determines the adaptation of the item to the use of purpose of the realty.)
3. Was the installation intended to be permanent or temporary? (This question addresses the intention of the party who attached the item to the realty.)

The party’s intention is the predominant factor, while the first two factors constitute evidence of that intention. Testimony of intention will not prevail, however, in the face of undisputed evidence to the contrary. [Logan vs. Mullis, 686 S.W.2d 605, 607 (Tex. 1985)]

If you don’t know if something is permanently installed and built in, but you do know your client wants to keep or convey it, put it in writing. Include the seller’s intentions in the exclusions provision in Paragraph 2 if the seller wants to keep the item or attach a non-realty items addendum to the contract if the buyer wants the item conveyed so the buyer receives it with the property at closing.

## WHAT’S HAPPENING WITH NEW & REVISED FORMS?

In April, Texas REALTORS® proposed seven new forms and revisions to 41 existing forms. The association posted the drafts and redlines on [texasrealestate.com](https://www.texasrealestate.com) and held a monthlong comment period. Association task forces then met in May to review the member comments and make needed adjustments to the original proposals. Final versions of the new and revised forms will be available in July.



## From The Hotline

800-873-9155



Members have been asking about buyers’ ability to terminate contracts under the first two checkboxes of Paragraph A, Subdivision Information, of the *Addendum for Property Subject to Mandatory Membership in a Property Owners Association* (TXR 1922, TREC 36-9).

Under Checkbox 1, if the seller delivers the subdivision information, a buyer can terminate within three days after receiving the information or prior to closing, whichever occurs first. If the seller doesn’t deliver the information, the buyer can terminate the contract at any time before closing.

Under Checkbox 2, if the buyer obtains the information within the specified time frame, the buyer can terminate within three days after receiving the information or prior to closing, whichever occurs first. If the buyer can’t meet the specified time frame through no fault of the buyer, the buyer can terminate within three days after the time required or prior to closing, whichever occurs first.

—Laura Miller, staff attorney



## Fact or Fiction?

*Texas REALTORS® has forms in Spanish and Vietnamese that can be used to create legally binding contracts.*



**FICTION.** While many Texas REALTORS® forms are translated into Spanish and Vietnamese, these translations are for informational purposes only. You can provide the translations to help clients understand the forms, but only the English versions may be signed to create a legally binding contract or to provide a required notice. There are disclaimers on the translations explaining that the English language forms must be used.

## Your Forms

The *Commercial Property Condition Statement* (TXR 1408) allows sellers and landlords to document the state of the property as of the date signed. The statement serves the same purpose for commercial sales and leases as the *Seller’s Disclosure Notice* (TXR 1406) does for the sale of residential properties. Sellers and landlords may state if they are aware of a variety of environmental conditions and material defects. The statement, which is not required by law to complete, can describe improved or unimproved properties. *Commercial Property Condition Statement* is one of more than 40 commercial forms exclusively available to Texas REALTORS®.





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# CLOSE THE DOOR ON CYBERATTACKS

Protect yourself and your business with these online security tips.

by Joe Olivieri



It doesn't matter how many technical controls you put in place. If someone inside the organization clicks a link, that person can let a bad guy right into the network and bypass all of the technical security.

—Wade McCain

Do you lock your door when you leave your home? Do you hide your valuables before leaving a parking lot? You probably don't even think about it when you take these basic precautions.

If it's second nature to protect your tangible valuables, are you that careful with your digital ones?

Cyberattacks against personal and business computer systems are becoming more common every year. The 2021 *FBI Internet Crime Report* says Texas had 41,148 reported cyberattack victims and lost \$606.2 million to cybercrime last year. And those are just the incidents we know about, says Wade McCain, cybersecurity training specialist at the Texas A&M Engineering Extension Service, Cyber Readiness Center. Plenty go unreported.

"Typically, cybercriminals are going for money. Whatever leads them to money will be the biggest target," he says. They may be interested in personally identifiable information, customer and financial data, intellectual property and trade secrets, or systems and business plans.

Cybercriminals know they can make money targeting real estate businesses and professionals like you. If you think your home computer or firm is too small or insignificant to be attacked, think again. Once cybercriminals have broken into your systems, they can encrypt your files or trick you into handing over your money and personal information, among other disruptive actions.

There are basic steps you can take to protect yourself online. The more of them you implement, the safer you'll be. Here is what McCain recommends.

## For Individuals

"We at the Cyber Readiness Center believe that it's more memorable to teach individuals how to secure their personal lives, and then that knowledge will spill over into their professional lives," McCain says.

**Long, unique passwords** for every personal and work account are essential. A long password should be at least 12 characters in length. Do not reuse passwords for multiple accounts. If your password gets stolen, cybercriminals can test it all over the internet and gain access to more of your information, he says.

**Password managers** are programs and apps that can help you generate long, unique passwords and store them securely so you don't have to remember them. By downloading and installing one, you only need to remember a single password: the one that opens the password manager.

**Check before you click.** Take a second before opening an email or text message. Do you recognize who sent it? Does the email address or phone number look normal? Are there any misspellings? Does anything seem unusual about the message? Don't open attachments or click on links from sources you do not recognize. If you aren't sure if the sender is legitimate, do not log in to a service to read a message or access a file. Invitations to view online documents may direct you to a

## I'm the victim of a cybercrime. What should I do?

That depends on the type of attack, says Wade McCain. You should contact the FBI or file a formal complaint with the Internet Crime Complaint Center, he says. Businesses should reach out to their cyber insurance provider and consult their cybersecurity policies and response playbook. You or your business may need to take quick action, such as contacting your financial institution in the case of wire fraud.



Cybercriminals know they can make money targeting real estate businesses and professionals like you. If you think your home computer or firm is too small or insignificant to be attacked, think again.

## What are the five most common types of cybercrime?

- Phishing is when a cybercriminal pretends to be someone or something trustworthy, commonly through email, to trick you into giving up your personal information. Related attacks include vishing (fraudulent phone calls), smishing (fraudulent text messages), and pharming (the use of fake websites to steal credentials).
- Non-payment and non-delivery: not getting paid for an item you sold or not receiving an item you bought
- Extortion crimes, such as ransomware, when cybercriminals encrypt your files and ask for payment to decrypt them
- Data breaches happen when attackers access and/or distribute personally identifiable information they are not authorized to have. The attackers can then sell this information to scammers or use the information to steal from you.
- Identity theft

Source: 2021 *FBI Internet Crime Report*



## If a scammer used ransomware to encrypt my files, should I pay to get them back?

It's a personal decision, says Wade McCain.

The FBI, the Cybersecurity and Infrastructure Security Agency (CISA), and law enforcement would all say no. There's no guarantee the criminals will give you access to your data—on average, only 65% of data is recovered, he says. They may also try to extort you a second time by threatening to publish the data online. Paying also funds the criminals and reinforces the idea that cybercrime is profitable.

“However, everyone realizes that in some cases, an organization may choose to pay,” he adds. “If you pay the ransom, it's often cheaper than recovering the data without doing so, even if you have good backups.” Also, paying the ransom may be the only way to stay in business.

It's important to have cyber insurance; that may dictate how you respond. Sometimes insurance companies can negotiate with the criminals to bring down a ransom payment, he says.

### Learn More

TEEX Cyber Readiness Center  
(Training & Technical Assistance Services),  
[teex.org/cyber](https://teex.org/cyber)

Cybersecurity & Infrastructure Security Agency,  
[cisa.gov](https://cisa.gov)

Internet Crime Complaint Center,  
[ic3.gov](https://ic3.gov)

National Institute of Standards  
and Technology (NIST),  
[nist.gov/cyberframework](https://nist.gov/cyberframework)

Center for Internet Security (CIS)  
Security Controls,  
[cisecurity.org](https://cisecurity.org)

CISA MS-ISAC ransomware guide,  
[https://www.cisa.gov/sites/default/files/publications/CISA\\_MS-ISAC\\_Ransomware%20Guide\\_S508C\\_.pdf](https://www.cisa.gov/sites/default/files/publications/CISA_MS-ISAC_Ransomware%20Guide_S508C_.pdf)

SecuLore Solutions Cyber Attack Archive,  
[seculore.com/resources/cyber-attack-archive](https://seculore.com/resources/cyber-attack-archive)

Texas Information Sharing  
and Analysis Organization,  
[dir.texas.gov](https://dir.texas.gov)

fraudulent website that looks legitimate but is designed to steal your password. This is a common way criminals can break into your systems.

**Don't give out your personal information.** Phishing is when a cybercriminal pretends to be a trustworthy person or entity to trick you into giving up your account credentials or personal information. This could take the form of an email, text message, phone call, or website. Verify that the message is legitimate; call the person or organization at a number you independently locate to confirm before responding.

**Reduce your digital footprint.** People love sharing their personal activities and photos on social media. “Everything you do online is not only in writing but can and will be used against you by the bad people,” McCain says, adding that businesses have been attacked based on what employees have posted in their personal channels. Think carefully about what you post online. Does that post reveal anything sensitive? Consider limiting who can see your posts.

**Two-factor authentication** protects your accounts by asking users to provide a second credential after the password. Typically, you'll use a one-time code sent via text message, email, or an app. Many popular services, such as Gmail, Amazon, and financial services allow two-factor authentication.

**Websites that monitor major hacks** can tell you if your information is in danger. If you input your email address at [haveibeenpwned.com](https://haveibeenpwned.com), the site will tell you if that address was included in known major data leaks. If the information was leaked, change your passwords immediately.

**Keep your devices up to date.** It may be tempting to delay that software update, but tech companies are continually fixing vulnerabilities. If they've provided a solution to a problem, install it. Many devices update automatically or have a setting you can turn on to automatically update.

**Back up everything offline.** Keep extra copies of your files and important information on an external hard drive (or two) that is disconnected from your computer, the network, and the internet once your backup is completed. If anything happens to your computer, you can start over from your backup file. Be sure to test your backups periodically to make sure they're working and up-to-date.

### For Businesses

When it comes to cyberattacks for real estate companies, knowing your risks is the first step to mitigating them, McCain says. Brokerages are being targeted with phishing, data wire transfers, email compromises, and ransomware.

**Training your agents and personnel** on cybersecurity is the most important thing you can do. Business email compromise attacks resulted in nearly \$2.4 billion in losses nationwide last year, according to the FBI. Scammers will compromise a business email account by breaking into the account or tricking the rightful owner into letting them in. Once there, they can conduct unauthorized transfers of funds, the *FBI Internet Crime Report 2021* says.

Everyone who accesses your systems protects your organization like a human firewall against cyberattacks. “It doesn't matter how many technical controls you put in place. If someone inside the organization clicks a link, that person

can let a bad guy right into the network and bypass all of the technical security that's in place,” McCain says.

**Verify payment and purchase requests** in person if possible. “Too many times, people will authorize paying people and approve real estate transactions through email,” McCain says. “If that email has been compromised, you could literally lose tens of thousands, hundreds of thousands, or even millions of dollars just because you thought you were paying somebody and that's not really who you were paying.”

**Two-factor authentication** is needed for all remote access accounts. Anybody who is connecting to the system through a virtual private network (VPN) or any administrator who is managing a server needs this second layer of protection.

**Create a separate administrator account** with full access on your devices and only use it for administrative purposes. Brokerages and business owners can set this up across all of the company machines. Give your own account less access and use it for your daily business. Your systems are more secure from malware infection when logged in as a user with fewer privileges. If your computer has been infected with malware, you may be able to resolve the problem using the administrator account, McCain says.

**Having procedures in place** before anything happens will help your firm immensely. Create a cyber incident response plan. The National Institute of Standards and Technology (NIST) Cybersecurity Framework and the Center for Internet Security (CIS) Security Controls are great places to start: They are a set of guidelines and practices for protecting against cyberattacks. Create a playbook so you know what to do for each type of cyberattack. Once you have established plans, be sure to practice them at least once a year, McCain says.

**Cyber insurance** can offer coverage from cyberattacks and guidance when an incident happens.

**Hold your partner organizations accountable.** Even if your business is secure, you are still at risk if your vendors and third-party organizations you interact with are insecure, according to McCain. Require that any third party you work with follows strong cybersecurity practices.

**Keep your systems up to date.** Some recent high-profile cybercrimes happened because attackers exploited outdated servers and operating systems, McCain says. Have a patch management system to routinely update your devices and computers.

**Having secure, offline backups of data** is just as important for businesses as individuals. Those files can help you recover if ransomware freezes your systems.

“My advice for real estate companies is to do all of the basics right—all of the simple stuff,” McCain says. “Having good cyber hygiene will make a big difference.” ★

**JOE OLIVIERI** is assistant editor for *Texas REALTOR*®.



# Everything you do online is not only in writing but can and will be used against you by the bad people.

### Member Benefit: Tech Team One

Tech Team One, a Texas REALTORS® member benefits partner, will run a free diagnostic scan on your computer. A technician can remotely connect to your computer to check for problems. The company sells one-time and ongoing tech support for businesses.

### Advanced Advice

To stay up-to-the-minute on cybersecurity issues, Wade McCain suggests these steps:

**Check out respected publications and sources** like *CSO*, *Dark Reading* magazine, *The Hacker News*, *Infosecurity* magazine, and *Security Weekly*.

**Follow security professionals** and subject matter experts such as Troy Hunt ([troyhunt.com](https://troyhunt.com)), Brian Krebs ([krebsonsecurity.com](https://krebsonsecurity.com)), and Bruce Schneier ([schneier.com](https://schneier.com)).

**Test your organization.** KnowBe4 offers security awareness training and phishing tests among its services.

**Sign up for newsletters** with CISA, NIST, SANS Institute, and the Texas Information Sharing and Analysis Organization.

**Attend live events** such as Black Hat and DEF CON.



# What Appraisers See That You Don't

by Joe Olivieri



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**Candy Cooke** is a certified general appraiser with Real Property Counselors in Round Rock. The two-time Texas REALTORS® Educator of the Year will teach the course "Understanding and Dealing with Appraisals" in June.



**Jason Ault** is a certified residential appraiser with Ault Appraisal Services in Amarillo. Ault is 2022 chairman-elect of the Amarillo Association of REALTORS® and serves on NAR's 2022 Real Property Valuation Committee.

**W**hat's been your experience with appraisers during the last two years? Have appraisal delays slowed your transactions during this fast-paced market? Did you barely communicate with the appraiser at all?

Don't look at appraisers as your enemy—they're trying to work with you, says Candy Cooke. She and Jason Ault are appraisers, and they want their fellow REALTORS® to know what's been happening in the Texas appraisal industry. The more you understand about working with appraisers, the easier the process can be.

"Every market is different, but I would just recommend that agents and clients be patient," Ault says. "There is an unprecedented number of appraisals, and appraisers are working as fast as they possibly can. There may be delays on a particular transaction. We always try to be ready to answer questions."

## Appraisers need the latest data

It is unprecedented how fast Texas home prices have been rising in the last two years, and appraisers have been trying to keep up, Ault says. Appraisers are analyzing local MLS data to make the best adjustments possible and trying to factor in appreciation and market increases.

"We only look back," says Cooke. "We're required to use closed sales. These prices have been going up monthly. If I don't have three sales that closed in the last 10 days, I may have to see if I need to make an adjustment for time. Otherwise, my appraised value will be lower than the contract price."

At the end of the day, appraisers get blamed for delays. "We're trying to do the research and everybody's saying *rush-rush-rush, let's get this done right now*," Cooke adds. "As an appraiser, I want to make sure I do a good job."

## More cash may make appraisals less important

Appraisers work for lenders; appraisals help lenders determine how much money to lend the buyer. Deals can fall through if the appraisal is lower than the sales price because the buyer needs to make up the difference.

*"We're trying to do the research and everybody's saying *rush-rush-rush, let's get this done right now*. As an appraiser, I want to make sure I do a good job."*

—Candy Cooke

"Borrowers lately are willing to bring additional funds to the closing table," Cooke says. Buyers who aren't using VA or FHA financing may attach the *Addendum Concerning Right to Terminate Due to Lender's Appraisal* (TXR 1948, TREC 49-1) to waive, or partially waive, their right to end the contract if the appraisal doesn't meet underwriting requirements. In other words, some buyers don't care what the appraisal says because they plan on buying the property anyway.

Down payments have increased as well. Cooke says appraisers are used to seeing maybe 10% down. Now borrowers may put down \$100,000 more, resulting in a 30%-plus down payment for a \$300,000 or \$400,000 house. It's really changing how appraisers are looking at the appraisals. Sometimes lenders even waive appraisals altogether.

In hot markets or areas with strong borrowers, lenders may use a desktop appraisal. The lender sends an inspector to the property to gather information and

## Help Appraisers Help You



**Ask questions.** Ask the lender when the appraisal will be done. Has the lender encountered any delays in completing appraisals? Do they use an appraisal management company? Do they have any way to track the progress of an appraisal? Make sure any estimate builds in delays based on how busy appraisers are. "If they can't close, what do lenders do? They turn around and blame the appraiser. Well, they shouldn't have made that promise in the first place," Candy Cooke says.

**Talk with the appraiser.** Some agents think they cannot talk to an appraiser for fear of influencing the appraisal. Appraisers are happy to talk with you about relevant information about the property, Cooke says. There are many helpful documents, such as comparable sales data, you can provide the appraiser before the appraisal. "The number one mistake is a lack of communication," Jason Ault says. "As long as it's factual and pertinent to the transaction, it is totally appropriate to share with the appraiser. It is not appropriate

to pressure or threaten the appraiser." You can also ask how the appraiser prefers to communicate. Should you call, email, or text? Remember: after the appraisal has been turned in, you can only speak with the lender.

**Take classes.** REALTORS® can educate themselves on how to read appraisals and understand the appraisal process. "I tease about it: I teach a class and at the end, my last question is: *Who wants to be an appraiser?* Nobody ever raises their hand," Cooke says.





## Under Development: A New Way to Get Training

### What is PAREA?

Trainees are having trouble getting the professional supervision they need to become appraisers. To address this, The Appraisal Foundation, the congressionally authorized source of appraisal standards and qualifications, adopted in 2020 a new way to earn experience.

Practical Applications of Real Estate Appraisal (PAREA) allows participants to demonstrate what they've learned through computer-based and virtual simulations that cover appraisal theory and methodology. These modules will meet all experience requirements to become a licensed residential or certified residential appraiser, and half of what's needed to become a certified general appraiser. Participants will be periodically mentored and will produce Uniform Standards of Professional Appraisal Practice-compliant appraisals. Those who complete PAREA will be ready to take their exams to become appraisers.

### When can I sign up?

Not yet. Those interested will need to wait until a completed course is approved by the foundation's Appraisal Qualifications Board (AQB). The AQB expects to see a first draft of a completed program sometime this year.

The Appraisal Foundation says Texas has adopted PAREA by referencing the criteria in its own regulations. Since Texas accepts AQB-approved coursework, Texas would accept experience gained from an approved, complete PAREA program.

### What's happening in Texas?

The Texas Appraiser Licensing & Certification Board listened to a presentation on PAREA from The Appraisal Foundation and discussed next steps during its May 6 meeting.

The board discussed rule amendments to Title 22, Part 8, Chapter 153 of the Texas Administrative Code, including new references to PAREA. It voted to publish the amendments in the *Texas Register* and receive public comment. The board will take up the amendments again during its August 19 meeting.

hires an appraiser to write the appraisal. "They're making the appraisers value the property based on somebody else's information," Cooke says. "Here's the problem: The appraiser is fully liable for the whole thing and nothing goes on the inspector," she says, adding that many appraisers she knows won't work on desktop appraisals.

### There's confusion about VA and FHA loans

Some buyers and sellers are apprehensive about VA and FHA loan requirements. Paragraph 4 of the *Third Party Financing Addendum* (TXR 1901, TREC 40-9) explains that VA and FHA buyers are not obligated to complete the transaction if the appraisal comes in below contract price. With both an FHA and a VA loan, the buyer can choose to bring more money to close even though the appraised value was less than the contract price. However, the buyer cannot contract to bring more money to close before the appraisal is received due to the requirements of VA and FHA financing that are reflected in Paragraph 4 of the *Third Party Financing Addendum*.

### AMCs can add time

The roughly 230 appraisal management companies (AMCs) in Texas bid out a lender's appraisal jobs to appraisers and take a piece of the appraisal fee, Cooke says.

"Most appraisers will only work for two or three, maybe four AMCs. The others are sending out bids, and nobody's accepting them because nobody will work for them—because it's not comfortable working for them. They're demanding. They don't pay us right away. Sometimes you have to wait 30 to 60 days to get paid even though the money's already been collected."

Cooke says that when an AMC has an appraisal job, she could submit a bid and the AMC won't accept it. The AMC might spend two weeks searching for an appraiser who will accept the project at the price it sets and not find anyone. The AMC may finally raise the price and bring the job back to the first appraisers who considered it. "So you've got these delays, and there's no communication between these AMCs and the lender about these issues."

### Sellers should complete required repairs ahead of time

VA and FHA loans have property requirements. If a seller accepts an offer that includes one of these loans, the seller may be asked to complete required repairs to address

issues like rotted wood. However, Paragraph 7E of the *One to Four Family Residential (Resale)* (TXR 1601, TREC 20-16) contract states that neither the seller nor buyer must pay for lender-required repairs. If the parties don't agree as to who is to pay for such repairs, the contract will terminate and the buyer will receive the earnest money back. Talking about it beforehand may prevent sellers from accepting FHA/VA loans or getting mad about making repairs they didn't want or expect to complete.

"If the agents had educated the sellers about the requirements of these loans when the offer came in, we wouldn't have a holdup," Cooke says. "The sellers would already know that they shouldn't take the offer if they weren't prepared to do the repairs." With the inventory shortages in today's market, some buyers are happy to purchase homes that need work. Everyone just needs to be aware of the loan requirements beforehand.

### Appraisers are using new standards

Starting in April, Fannie Mae has required all appraisers to use the American National Standards Institute (ANSI) measuring standards for measuring, calculating, and reporting areas for appraisals requiring internal and external inspections. Prior to this, appraisers may have used different standards. Cooke taught the course "How Big is the House: Understanding Square Footage" in May to review the ANSI standards, among other ways to calculate the size of improvements.

### Onboarding new appraisers is a slow process

The average appraiser is over 50 years old, and most appraisers could reach retirement in 20 years, Ault says. The Texas Appraiser Licensing & Certification Board requires 1,500 hours of acceptable and verifiable appraisal experience gained over at least 12 months to become a certified residential appraiser. Ault says it typically takes 18 to 24 months to earn that under the sponsorship of an experienced appraiser who accompanies the trainee to every job.

### Appraisers are busy

The Texas housing market has been hot for months on end. This, coupled with a shortage of personnel, means that appraisers have been working nonstop. "I could work seven days a week, 12 to 14 hours a day," Cooke says. "There's so much business that we can't get to it in 48 hours. We have to take time off. Like Mother's Day: we took Mother's Day off."

Appraisers are stressed and putting in long days, Ault says. "We've never seen conditions like this. Timeliness is a big deal. We have to be timely and we're pushing to do so. It's been a challenging work environment. It's good to remember that everybody is stressed and under pressure. The more we can try to be compassionate, the better off we'll all be." ★

JOE OLIVIERI is assistant editor for Texas REALTOR®.

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"It's good to remember that everybody is stressed and under pressure. The more we can try to be compassionate, the better off we'll all be."

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# Have You Heard of TARHOF?

by Payton Reeves

This foundation helps change lives, but many REALTORS® have never heard of the Texas REALTORS® Housing Opportunity Foundation, a nonprofit that works to promote affordable housing across Texas.

**Y**ou’ve probably seen the “Texas REALTORS®—Working for You” and “Texas is Home” license plates—maybe you even have one on your vehicle—but did you know the proceeds from those plates fund the Texas REALTORS® Housing Opportunity Foundation (TARHOF)?

**What is TARHOF?**  
This foundation began in 2003 and is a true 501c(3) nonprofit, separate from the association. TARHOF promotes workforce housing and homeownership opportunities. The organization has its own board of directors, chosen by Texas REALTORS® leadership. The TARHOF directors review applications and award grants to organizations in Texas they believe are making effective efforts to help people own safe, affordable homes.  
“The board members are the fiduciaries of the funds, so they have a responsibility to be the stewards of this money

and to act in good faith when they’re granting awards and having discussions,” says Robin Harris, TARHOF’s legal advisor and associate counsel for Texas REALTORS®.

**What Does the Foundation Do?**  
The foundation helps organizations that work to build or find housing for low-income Texans and those who’ve been historically marginalized when it comes to homeownership. TARHOF grants also can pay for educational seminars, classes, and fairs on the basics of owning a home.

For example, the foundation has given grants of about \$5,000 on average to multiple Habitat for Humanity branches; a Houston-based organization that educates renters on homeownership and helps them purchase their existing rental home; and the Hispanic Real Estate Brokers Association, which participated in a donation match to fund financial literacy workshops for low-income individuals seeking homeownership.



**Ruben Peña** [left], the current president of TARHOF, says aspiring homeowners need help with crucial homebuying topics, like how to get a loan. Even information about the smallest things that some may take for granted, like cutting the grass or how to work a central air conditioning unit, can benefit aspiring homeowners.

**What is TARHOF’s Impact?**  
Harris says seeing the life-changing impact of homeownership is incredibly rewarding. “What TARHOF can do, through applicant organizations, is give people a place to call their own and build personal or family wealth,” he says. “The property will hopefully appreciate over time, and then you have something you can either sell or pass on to children or others.”

For Peña, TARHOF’s efforts to help people have a home are close to his heart and an integral part of why he’s in the real estate industry. Peña’s mother always told him, “Whatever you do, help the people,” and that’s what he’s been able to do through TARHOF and his 44 years as an agent. Peña knows firsthand how crucial it is to have a place to live and to be able to call it your own. Growing up in a family of 12, his family had trouble finding someone who would rent a home to them. After his own experience, Peña is grateful to be able to help those in similar situations achieve homeownership through TARHOF. “My ability to help people is why I do what I do,” he says.

**How Can I Help?**  
“Texas REALTORS® is a great organization for members, but there are so many things our members don’t know to get involved in,” says Peña. “One way to support TARHOF is to purchase one of the Texas REALTORS® license plates. Another is to get the word out about the amazing opportunity the nonprofit provides. If you know of an organization working on an affordable housing effort, tell them about TARHOF and convince them to apply for a grant. While an award is not promised, the potential for changing lives through homeownership is worth the application.”

**PAYTON REEVES** is the editorial intern at Texas REALTORS®.

**Show Your REALTOR® Pride on Your Ride While Supporting Homeownership**  
If you’d like to buy a Texas REALTORS® license plate, go to [texasrealestate.com/plate](https://texasrealestate.com/plate). You can decide whether you’d like the “Working for You” license plate available only for REALTORS® or the “Texas is Home” license plate that anyone can purchase. The license plates cost \$30 per year, and \$22 of that fee goes to TARHOF. Personalized plates cost extra.



**Where to Apply for a Grant**  
You can find the TARHOF grant application at [texasrealestate.com/housingopportunity](https://texasrealestate.com/housingopportunity). You can direct people there for information and a link to apply for a grant. The application requires details about the organization seeking funds as well as a description of how the funds will be used.





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## FIND THE REALTOR® WHO MATCHES YOUR NEEDS

Your real estate transaction isn't the same as anyone else's, and your REALTOR®'s services should match what you need. Lucky for you, REALTORS® offer many types of business models to guide you through your transaction. Here are three common examples.



### TRADITIONAL BROKERAGE

With a traditional brokerage model, brokers and agents provide a full range of services in exchange for a commission. The commission is negotiable and covers the REALTOR®'s time and efforts on your behalf, whether it's marketing your home for sale, finding a great space for your business, or locating the perfect home for you and your family.



### FLAT-FEE BROKERAGE

A flat-fee brokerage provides all the services of a traditional brokerage, such as advice on pricing, help with negotiation, and market analysis. But instead of charging a fee equal to a percentage of the sales price, the brokerage charges a negotiable flat fee for its help.



### A LA CARTE BROKERAGE

With the a la carte model, clients choose what services they want the brokerage to provide—and only pay for those. For example, a seller may want a REALTOR® to include the home in the multiple listing service and to coordinate showings. However, the seller will handle contracts and negotiations on her own.



While these examples are popular business models, they are far from the only ones. No matter what type of model your REALTOR® uses, you will get a professional who follows a strict Code of Ethics to achieve your real estate goals.



# TAKE 5



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## STRESS LESS

Your unconventional work schedule, long hours, and efforts to get the best results for your clients can result in high amounts of stress. Sometimes, that stress enables you to work efficiently under pressure to meet a deadline or wrap up a client's transaction, but unchecked stress leads to health issues, physically and mentally. Use these five ways to lessen your stress and improve your quality of life.

### PRACTICE RELAXATION

Stress creates tension throughout your body and leads to aches and pains. Deep breathing, muscle relaxation, meditation, and similar techniques relieve that tension. Take time in the morning, at night, or even during short breaks throughout the day to help your body recover from frequent stress.

### PRIORITIZE EXERCISE

Daily physical fitness has many benefits and produces stress-relieving hormones that improve your mental health. Find a regular schedule for physical activities you enjoy, such as walking, running, biking, fitness classes, or a sport.

### MAKE TIME FOR YOURSELF

As a REALTOR®, you put your clients' needs first, but you can't be at your best for clients if you neglect your own wellbeing. Make time in your schedule to do activities you enjoy, such as reading, gardening, watching a show, or spending time with friends and family.

### GET GOOD SLEEP

You may burn the midnight oil or be an early morning riser, but a full night's sleep remains important for your health. The Centers for Disease Control and Prevention recommends adults receive at least seven hours of sleep daily. Lack of sleep and bad sleeping habits can lead to mental errors in your work and inefficiency.

### EAT WELL

Don't use your hectic schedule as an excuse to allow bad eating habits. Even "fast food" and snacks come in healthier options. Healthy eating habits such as consuming unprocessed foods, vegetables, and fresh fruit can set a foundation for a healthy body and mind. Eating well has also been shown to stabilize your mood.



## Do You Use zipForm? Texas REALTORS® Has You Covered!

While NAR is no longer providing zipForm as a member benefit, don't worry ...

You still get this powerful forms management solution—now called Transactions (zipForm Agent Edition)—as part of your member benefits from Texas REALTORS®. You also get unlimited signatures from Digital Ink.



## HOUSING DISCRIMINATION? NOT IN OUR HOUSE.



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](http://hud.gov/fairhousing) to file a complaint with the Department of Housing and Urban Development.





# A refreshingly simple way to manage your properties



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Affordable



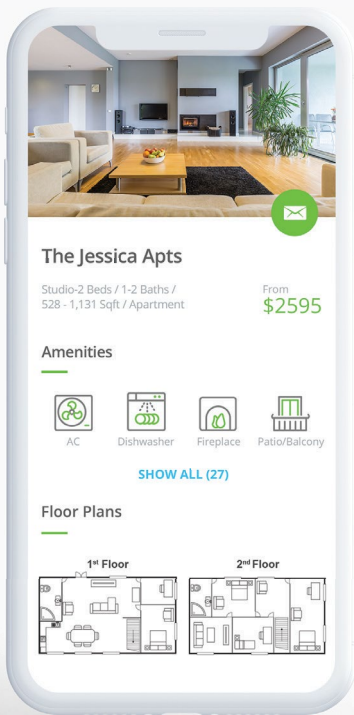
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Condo/HOA



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**Breeze**  
Starting at  
**\$1** per unit  
per month\*

**Breeze** **PREMIER**  
Starting at  
**\$2** per unit  
per month\*

Easy setup	✓	✓
Property accounting	✓	✓
Vacancy & prospect tracking	✓	✓
ILS posting	✓	✓
Online applications	✓	✓
Online payments	✓	✓
Online maintenance	✓	✓
Email & text communications	✓	✓
Walk-in payments with PayNearMe	✓	✓
Vendor payments	✓	✓
Owner payments & reports	✓	✓
Live chat support	✓	✓
Renters insurance <sup>†</sup>	✓	✓
Resident screening <sup>†</sup>	✓	✓
Corporate websites <sup>†</sup>	✓	✓
Property websites <sup>†</sup>		✓
Online lease execution <sup>†</sup>		✓
Customer relationship management		✓
Job cost tracking		✓
Rent deferment		✓
Rent control		✓
Invoice approval & processing		✓
Corporate accounting		✓
Customizable financial statements		✓
Menu-level security		✓

\*Minimums apply †Additional fees apply

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RB Homes, Inc.

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