

Agents Who Submit 'Love Letters' Risk Committing a Fair Housing Violation

Until recently it was a common practice for buyers' agents to submit a "love letter" with their offers, hoping to convince the seller to choose their buyer over others in a bidding war.

That practice has fallen out of favor, however, as doing so might constitute a violation of federal Fair Housing rules as well as of the Realtor Code of Ethics.

Article 10 of the Code includes the following: "Realtors shall not be parties to any plan or agreement to discriminate against a person or persons on the basis of race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity." Such discrimination is also a state and federal fair housing crime.

It would be hard not to reveal any of the above characteristics in a "love letter," especially if it contains a photo of the buyer or buyer's family. But there are other subtleties to consider. One of the sessions at last month's National Association of Realtors conference was titled, "How to Stay Out of Trouble: Risk Management and the Code of Ethics," taught by Barbara Betts, a California Realtor who is also a hearing officer for violations of the Code of Ethics.

In her talk, as reported by Inman News, Betts described how risky such letters could be, especially for the seller and listing agent. "Sellers are humans. Even though they are not purposely trying to create a fair housing situation for themselves, they inadvertently are," she said. "When the seller gets these letters, they get excited to sell the home to someone they feel will fit into their neighborhood, and that's where there's a problem."

The danger is intensified when there are competing love letters. Imagine, for example, that one of the buyers reveals himself to be a single African American who says your home is perfect for him because he is wheelchair-bound, but your seller chose a family with children who liked your home because it's close to their synagogue. That choice has offered a veritable smorgasbord of fair housing violations that the rejected buyer could mention in a fair housing complaint, and

that their broker could cite in a Code of Ethics complaint against the listing agent.

"We need to consider raising fair housing concerns with our buyers," Betts advises her fellow Realtors. "Don't read or accept these letters that are drafted by a buyer. Certainly do not give any support or suggestions. As listing agents, we definitely need to discuss the potential liability during the listing interview and not deliver or accept these letters for the seller."

Betts added, "If the letter is all about 'I love your home. It's beautiful. I love how you've remodeled it, I promise I won't tear it down and remodel it,' there aren't any fair housing violations in those statements. The second you start talking about family, color, race, religion, marital status, those things instantly become possible fair housing violations."

For all these reasons, the agents at Golden Real Estate no longer submit or accept "love letters" from buyers. If we receive one, it's best that we don't even read it and that we inform the buyer's agent that we have deleted it.

There are other ways in which Realtors can commit a fair housing violation, perhaps unconsciously. One is the practice known as "steering," in which an agent recommends different neighborhoods to different buyers based on where they

would "fit in" because of their race, color or religion. We must truly be blind to such characteristics and give the same information to all buyers. Fortunately, buyers do their own searching most of the time. As agents, we must show any buyer what they want to see without comment of any kind.

When a buyer from out of town asks us to describe our neighborhoods, it's best to avoid all demographic descriptions, limiting ourselves to describing the housing stock, price range, etc. We must not provide such information with an intention to steer them based on their profile.

Meanwhile, sellers expect us to show their homes only to qualified buyers, but if we ask some buyers but not others to be pre-qualified by a trusted lender before showing a listing, we open ourselves to possible fair housing complaints.

We'd all like to believe that racism and other kinds of systemic or cultural discrimination are artifacts of the past, but we are more aware than ever that such discrimination exists even within ourselves, hopefully unconsciously. Unconscious or not, we need to realize that beyond being morally wrong, it can get us into serious professional trouble as agents and that it can also put our clients at risk, making it more important than ever that we educate our clients about the risks they could be facing.

Incorporated or Unincorporated? What's the Difference?

It's a common misconception that property taxes are lower in unincorporated areas than they are in an incorporated city or town.

Sales taxes *are* lower in unincorporated areas, since most cities have their own sales tax. If you register a new car in one of those cities with a sales tax, you'll pay thousands that you wouldn't pay registering it in an unincorporated area.

Property taxes are another matter. Take the City of Golden, for example. The mill levy for

the city is 12.34 mills. If you have a Golden address but are not within the city itself, you have separate mill levies for county law enforcement, fire protection and quite possibly for water and park districts that can total far more than Golden's mill levy, which includes all those services. If you're in a newer subdivision, you could have an additional big mill levy for a "metropolitan tax district" which was created by the developer to pay for infrastructure.

REAL ESTATE TODAY



By JIM SMITH, Realtor®

Newly Remodeled Home with Cottage in Cedaredge



More and more metro area residents are finding an affordable housing alternative on Colorado's western slope. Located at 155 SW 7th Street in Cedaredge, just off Main street, this 2-bedroom, 1-bath home was completely renovated in 2018 to be the owner's "forever" home, but life took a turn and now it could be yours. This beautiful 1,348-sq.-ft. home comes complete with a 2-car attached garage, heated breezeway, secluded covered porch, fenced backyard, storage shed and a 453-sf cottage ready to use as extra living space, as an office, or as a rental unit. (It has a full bath and kitchen.) Don't be deceived by the plain-looking exterior of this home. Find lots of pictures and a walk-through video tour at CedaredgeHome.info, then call your agent or Kim Taylor at 303-304-6678 for a showing.

Leyden Rock Ranch-Style Home Backs to Open Space

This 4-bedroom, 3-bath ranch home with walkout basement at 19019 W. 88th Drive in Arvada's Leyden Rock subdivision backs to open space. A former model home, it has lots of upgrades! The main level features an open floor plan with hardwood floors, a 14-foot ceiling in the living room, and floor-to-ceiling windows with stunning views of the Flatirons. The walk-out basement features a family room, full bath, and two bedrooms. It has a 2-car and 3-car garage. The lot backs to open space to the north and east sides of the house, with vacant HOA land to the south. Take a video tour at LeydenRockHome.info. Open Saturday, 11-2. Listed by Chuck Brown.




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