THE VALUE OF

BUYER REPRESENTATION

FROM **VANGUARD** PROPERTIES

OUR VALUE

Hiring a real estate partner with extensive knowledge about your local area can give you a competitive advantage in finding your dream home and securing the winning bid. With a Vanguard Properties real estate expert on your side, you will be in the best position to secure your perfect home.

INITIAL MEETING

At the initial meeting with your Vanguard Properties agent, you will:

- Define your needs and wants in connection with the property that you want to purchase; and
- Create a property “wish list”.

Additionally, your Vanguard Properties agent will:

- Educate you on the loan pre-approval process;
- Connect you with various lenders to assist you in the loan process;
- Generally discuss and explain the different loan products and loan terms available;
- Explain how real estate broker commissions are paid in a real estate transaction;
- Explain concepts of agency and fiduciary duty;
- Discuss the legal requirement for the parties to formalize their relationship in a written buyer representation agreement before any property is toured, and the different types of buyer-broker relationships that can be entered into;
- Review the written buyer representation agreement with you which will, among other things, identify Vanguard Properties obligations to you, your obligations to Vanguard Properties, the length of the representation period, whether the representation is non-exclusive or exclusive (and the implications of same), and it will establish the negotiated commission compensation that Vanguard Properties will receive at close of escrow as your agent in the transaction;
- Review the Broker Compensation Advisory (which explains how real estate brokers are paid in a real estate transaction), in addition to a Disclosure Regarding Real Estate Agency Relationships form, and a Possible Representation of More than One Buyer and Seller form which outlines the concept of agency and dual agency;

- Discuss typical down payment and lender reserve requirements;
- Discuss the routine closing costs you will be responsible for when you are ready to close on your perfect home, including but not limited to broker commissions;
- Share their in-depth knowledge of neighborhoods and market trends; and
- Examine the value of properties with you using a comparable market analysis.

COMMUNICATION

Communication is critical throughout a real estate transaction. At the outset of your relationship, you and your Vanguard Properties agent will determine your preferred method and mode of communication. You can expect your Vanguard Properties agent to keep in close contact with you throughout the transaction term, providing critical advice and counsel each step of the way.

INTRODUCTIONS TO THIRD-PARTY PROFESSIONALS

Throughout the transaction process, your Vanguard Properties agent will make introductions to various professionals to assist you in different aspects of your home purchase.

FORMALIZING & MEMORIALIZING THE RELATIONSHIP WITH VANGUARD PROPERTIES

If you wish to be represented by Vanguard Properties in connection with your home buying experience, either at the outset of the relationship or before any property is toured (either in person or virtually), you and your Vanguard Properties agent will enter into awritten buyer representation agreement. The entry into a written buyer representation agreement before a property is toured (either in person or virtually) is now a legal requirement. The written buyer representation agreement, among other things:

- Defines and memorializes the fiduciary relationship between you and Vanguard Properties;
- Identifies the negotiated scope of the fiduciary relationship between you and Vanguard Properties; and
- Confirms the compensation Vanguard Properties will receive in exchange for its professional services.

The terms of a buyer representation agreement, including the amount of commission compensation Vanguard Properties will receive in connection with its representation of you, have always been and remain negotiable. You and your Vanguard Properties agent will review the terms of the written buyer representation agreement in detail and determine scope of the buyer-broker relationship that works best for you.

NOTES ON COMMISSION:

WHO PAYS THE COMMISSION OF THE BUYER'S BROKER?

Commissions paid to real estate professionals representing buyers (and sellers) have always been and remain negotiable and are not fixed by law. Additionally, individual real estate agents (just like other professionals, such as attorneys, doctors, accountants, architects, general contractors, and the like) are entitled to establish the price they will charge for their professional services. Each real estate professional has a unique value proposition they bring to representing a buyer and has the ability to establish the fee at which they will work.

A buyer is responsible for paying their own real estate professional in the event the seller does not agree to assume the obligation of the buyer to pay the buyer's broker under the written buyer representation agreement. If a seller does assume the obligation of the buyer to pay the buyer's broker compensation as established by a written buyer representation agreement, the seller and buyer will memorialize that agreement in the purchase contract.

Please note that the way real estate commissions are paid in a transaction have recently changed. The practice of cooperating compensation, i.e., broker to broker compensation, has been eliminated. Now, a seller may advertise that he/she is willing to consider offers containing concession requests. Any such statements do not create an irrevocable, enforceable agreement to compensate the buyer's agent and broker. Rather, it is merely an invitation to the buyer to make an offer containing a concession request, which the seller can either accept, reject or counter.

If you choose to request that the seller assume all of part of your responsibility to pay Vanguard Properties under the written buyer representation agreement, you will make that request in the purchase offer itself. If the seller declines to assume your responsibility to pay Vanguard Properties under the written buyer representation agreement, either in full or in part (the "Delta"), you will be responsible for paying Vanguard Properties the Delta. Alternatively, if you choose not to ask that the seller in the purchase offer assume your responsibility to pay Vanguard Properties under the written buyer representation agreement, you will be responsible for compensating Vanguard Properties through escrow and at closing.

Buyers should keep in mind that the current lending framework does not allow for buyers to finance the commission they owe to their real estate professionals. Buyers should consult with their lenders for details.

DUTIES OWED TO YOU BY VANGUARD PROPERTIES

If you decide to hire Vanguard Properties to assist you in your home buying experience, a fiduciary relationship will be created.
Vanguard Properties and your Vanguard Properties agent will act with the utmost care, integrity, honesty, and loyalty in their dealings with you.

Additionally, Vanguard Properties and your Vanguard Properties agent will:

- Exercise reasonable skill and care in the performance of their duties;
- Adhere to their duty of honest and fair dealing and good faith;
- Disclose all known facts materially affecting the value or desirability of any property that you are interested in, in addition to reasonably obtainable material information;
- Learn the material facts that may affect your decision to purchase a property;
- Provide you with valuable advice and counseling regarding the propriety and ramifications of your decision to purchase a property; and
- Conduct a visual inspection of the accessible areas of any property you are in contract to purchase and disclose all facts materially affecting the value or desirability of the property that the investigation reveals.

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ADJECTIVE

involving trust, especially with regard to the relationship between a **trustee** and a **beneficiary**.

"the agent has a fiduciary duty to their clients."

TOUR

LEARN

OFFER

ESCROW.

TOURING PROPERTIES TOGETHER

Your Vanguard Properties agent will research and preview homes on your behalf that match your stated search criteria. As your Vanguard Properties agent has access to off market properties, "Coming Soon" properties and For Sale By Owner properties, none of which are publicly marketed, you can feel confident that you are receiving access to the most up-to-date information with respect to available properties meeting your search criteria.

Before you tour a property with Vanguard Properties, either virtually or in person, you and your Vanguard Properties agent will enter into a written buyer representation agreement. This is now required by law.

The written buyer representation agreement will, among other things, identify Vanguard Properties' obligations to you, your obligations to Vanguard Properties, the length of the representation period, whether the representation is non-exclusive or exclusive (and the implications of same), and it will establish the negotiated commission compensation that Vanguard Properties will receive at close of escrow as your agent in the transaction.

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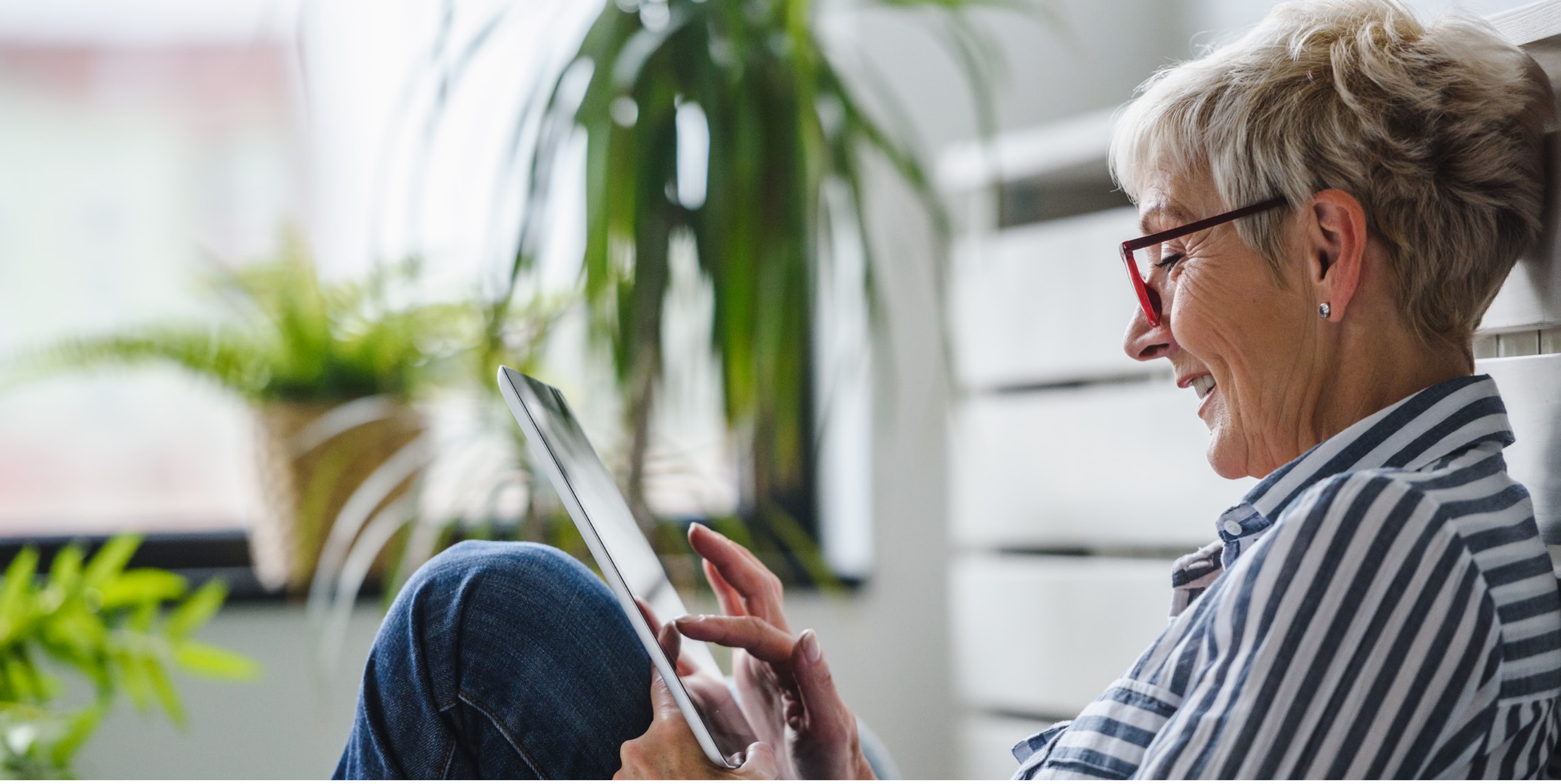
If you choose to request that the seller assume all or part of your responsibility to pay Vanguard Properties under the written buyer representation agreement, you will do so in the purchase offer itself. If the seller declines to assume your responsibility to pay Vanguard Properties under the written buyer representation agreement, either in full or in part (the "Delta"), you will be responsible for paying Vanguard Properties the Delta.

Alternatively, if you choose not to ask that the seller in the purchase offer assume your responsibility to pay Vanguard Properties under the written buyer representation agreement, you will be responsible for compensating Vanguard Properties through escrow and at closing.

When your Vanguard Properties agent brings a property to your attention, or at the earliest moment possible, your agent will disclose any concessions a seller is offering, if any.

Your Vanguard Properties agent will then schedule and map out property tours and will accompany you on those tours.



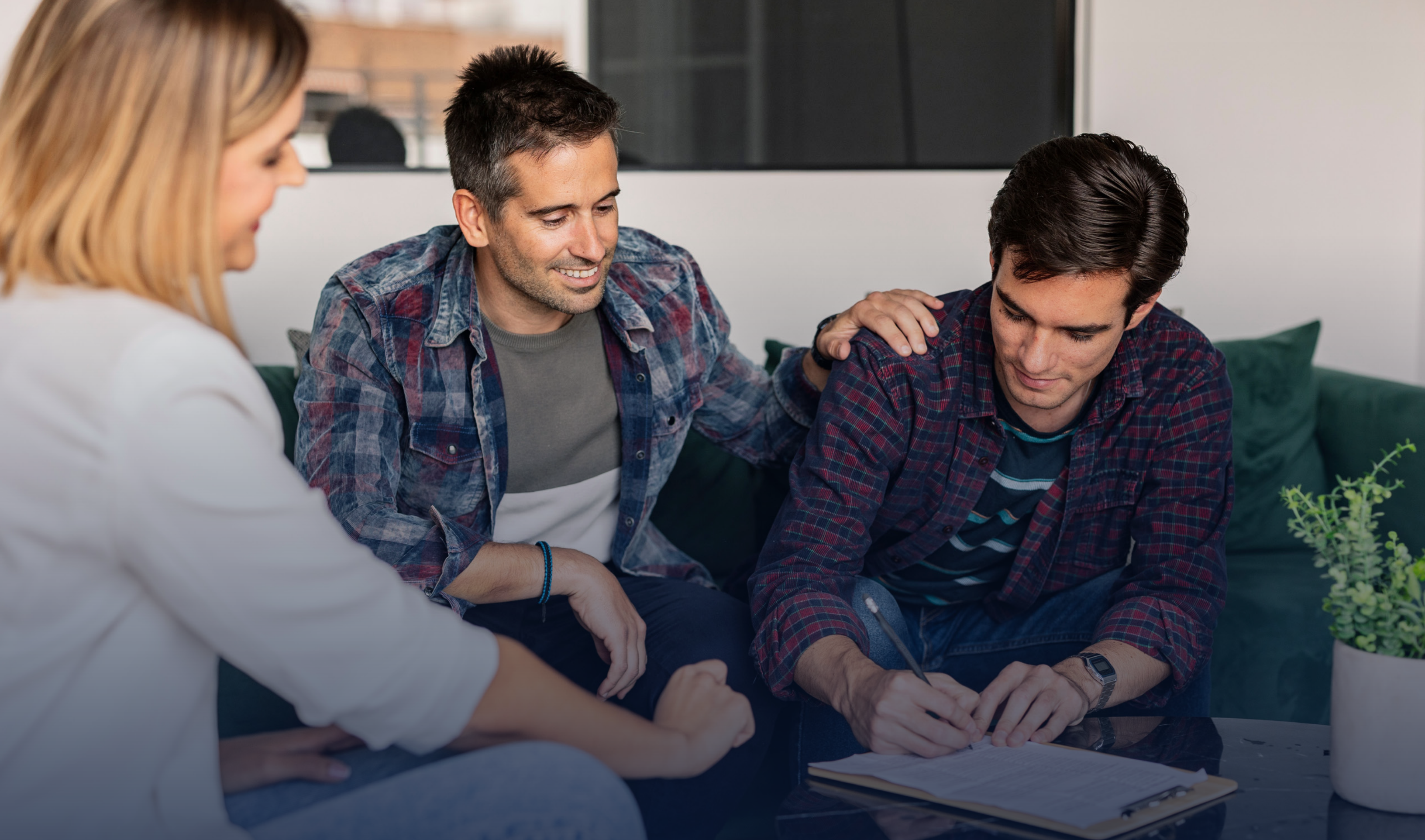
EVALUATING PROPERTIES – THE DUE DILIGENCE PROCESS

Once you establish a level of interest in a property and want to move forward with an offer, before the offer is written you and your Vanguard Properties agent will obtain the disclosure file for the property prepared by the seller and listing agent. You and your Vanguard Properties agent will review those disclosures in detail.

In a transaction file, you can expect to see various documents, including but not limited to:

- A preliminary title report outlining important information about how title is held and documents recorded against the property;
- Inspection reports which speak to the condition of the property;
- Disclosures prepared by the seller outlining the seller's knowledge with respect to the property's condition, property defects and improvements made to the property; and
- HOA documents if the property is situated within a common interest development.

Your Vanguard Properties agent will assist you in evaluating the pros and cons of the property based on your expressed needs and wants.



In the event “red-flags” or concerns exist with respect to any aspect of the property, your Vanguard Properties agent will recommend further inspections be performed by the appropriate professionals to assist you in determining whether the property is suitable for you in light of your expressed needs and wants.

Your Vanguard Properties agent will also help you understand the implications of the facts disclosed and assist you in identifying and addressing any areas of concern. To the extent additional information is needed to determine if the property is suitable for you, your Vanguard Properties agent will assist you in obtaining any reasonably obtainable material information.

Additionally, your Vanguard Properties agent will:

- Keep track of the transaction timeline to ensure that all disclosures are timely acknowledged and delivered;
- Recommend and coordinate inspections;
- Attend property inspections and other vendor visits at the property;
- Conduct a visual inspection of accessible areas of the property and disclose all material facts that the inspection reveals; and
- Attend the final walkthrough of the property with you prior to close of escrow in order to verify that the property is in the same condition it was in at the time of contract ratification.

WRITING OFFERS / CONTRACT NEGOTIATION

Before writing an offer on a property, your Vanguard Properties agent will prepare and provide you with a Comparable Market Analysis to assist you in determining the fair market value for the property, which will inform your offer *price.*[1]

Your Vanguard Properties agent will also analyze the competitive landscape for any property you write an offer on, which will inform your offer *strategy*. You and your Vanguard Properties agent will arrive at an offer strategy based on your expressed goals. Working with a trusted real estate advisor will give you a competitive advantage in multiple offer situations.

When you sit down to write an offer with a Vanguard Properties agent, your agent will explain the offer process, the contract documents, contractual contingencies and insurance considerations.

Additionally, your Vanguard Properties agent will:

- Assist you in obtaining a loan pre-approval letter from your lender and gathering the proof of funds required under the contract;
- Introduce you to the appropriate insurance professionals to assist you in securing insurance for the property;
- Assist you in exploring potential seller concessions, including but not limited to a concession for the assumption of your obligation to pay Vanguard Properties under the written buyer representation agreement;
- Prepare the purchase offer and supporting documents based on the offer terms you decide on;
- Present your purchase offer to the listing agent;
- Negotiate the price and terms of your purchase offer with the listing agent;
- Negotiate repairs and/or price adjustments that may be appropriate as a result of appraisals, inspections and/or information received with respect to the property; and
- Closely communicate with you during the negotiation process to achieve the most favorable outcome based on your offer strategy.

[1] Please keep in mind that you, as the buyer, determine the price you will pay for a property; that decision is *yours alone* and not your agent's.

THE ESCROW PROCESS:

Once you have secured the winning offer and the seller countersigns the purchase agreement, you are in contract!

Your Vanguard Properties agent will assist you in opening escrow with a title and escrow company of your choosing, or as negotiated in the purchase contract. You will have a specific number of days, as specified in the purchase contract, to transfer your earnest money deposit into escrow.

Your Vanguard Properties agent will:

- Be in close communication with the escrow team on your behalf to ensure a smooth transaction;
- Educate you with respect to the existence of wire fraud and how to avoid it;
- Coordinate your initial deposit to escrow via wire transfer;
- Track lender performance in the appraisal process, the underwriting process, the loan approval process, the issuance of closing documents to escrow, the issuance of the clear to close designation, and final funding;
- Review estimated closing costs with you;
- Assist you in coordinating the final transfer of funds to escrow to complete your purchase;
- Secure a home warranty on your behalf, if desired;
- Provide contacts for you to utilize when transferring the utilities at the property;
- Assist you in confirming that your homeowners insurance policy is in place before close of escrow; and
- Coordinate your final signing of the escrow documents with a notary through the escrow team.

Once escrow closes, your dream of homeownership comes to fruition!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