

# Broker Risk Reduction

Minimizing risk is a legitimate goal in any situation. The Following should assist a broker in better serving the client and reducing the possibility of costly and time-consuming litigation.

## RISK REDUCTION TIPS

- **Get to Know Your Client:** the disclosures, advice and counsel required of the broker, depend upon:
  - the facts of each transaction
  - the knowledge and the experience of the client
  - the questions asked by the client
  - the nature of the property
  - the terms of sale
- **Read & Understand the Purchase Contracted Related Forms:** understanding these documents is pivotal to giving competent advice
- **Educate Your Client:** on the contract, CC&Rs, title report, public report and any other important matters
- **Avoid Shortcuts:** shortcuts such as incorporating the MLS or listing form into the contract, giving buyer a list of properties to see at open houses unaccompanied and failing to write contingencies out completely all lead to ambiguity and the potential for disputes
- **Handle Offers Properly:** and submit all offers promptly
- **Practice Within Your Area of Expertise:** both in practice area and geographically
- **When in Doubt, Disclose:** if you have actual knowledge of a material defect, disclose it — if you notice a suspicious condition, point it out to the client and recommend the appropriate technical or professional investigation
- **Assist Your Client with Disclosures and Due Diligence:** insist on inspections and attend the inspections and walkthroughs — supply the buyer with the tools to obtain information
- **Think Before You Speak:** don't speculate or guess — identify the source of any information provided and direct your client to the source if possible
- **Verify Information:** if you have reason to question the accuracy of information being provided in a transaction or where the client has questioned the accuracy of the information
- **Follow Through:** get buyer pre-approved for financing — review the title report and all other pertinent documents
- **Document the Transaction:** take contemporaneous notes, confirm important issues in writing, maintain a fax/e-mail/phone log, keep a complete and organized file
- **Communicate:** promptly return calls to clients and the other broker, provide updates even if nothing is happening, handle complaints promptly