

Checklist for Ethical Real Estate Practices: Avoid Pitfalls & Stay Compliant



Overview

Ethical real estate investing is not only the right thing to do but also essential for long-term success. This checklist ensures you operate with integrity and compliance.

- 1) Do Your Due Diligence
- 2) Be Transparent with Homeowners
- 3) Follow Federal Laws
- 4) Use Licensed Professionals
- 5) Document Everything
- 6) Handle Money Properly
- 7) Treat Stakeholders with Respect



1) Do Your Due Diligence

- ✓ Conduct thorough title searches to uncover liens or legal disputes.
- ✓ Review zoning laws and ensure the property complies with local regulations.
- ✓ Order professional inspections to identify potential structural issues.



2) Be Transparent with Homeowners

- ✓ Clearly outline all terms and fees in plain language.
- ✓ Avoid making promises you cannot fulfill, such as guaranteed outcomes.
- ✓ Provide homeowners with ample time to review agreements and ask questions.



3) Follow Federal Laws

- ✓ Stay informed about laws such as RESPA (Real Estate Settlement Procedures Act) and the Dodd-Frank Act.
- ✓ Ensure contracts meet truth-in-lending and anti-predatory standards.



4) Use Licensed Professionals

- ✓ Collaborate with licensed attorneys for contract preparation and review.
- ✓ Engage certified appraisers and inspectors to validate property details.



5) Document Everything

- ✓ Personalized and empathetic messages addressing distressed homeowners' pain points.
- ✓ Include your contact details and a call-to-action for immediate follow-up.



6) Handle Money Properly

- ✓ Use third-party escrow accounts for all monetary transactions.
- ✓ Avoid direct cash exchanges without proper documentation.



7) Treat Stakeholders with Respect

- Listen actively to homeowners' concerns and needs.
- Strive for mutually beneficial outcomes in all transactions.
- Build relationships with banks, agents, and contractors based on trust and professionalism.

Any questions?

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