

Hill House Bed & Breakfast Inn



Hill House Bed & Breakfast Inn

Asheville, North Carolina



Inn Consultants and Brokers Since 1993

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Property Description

*Hill House Bed & Breakfast Inn
Asheville, North Carolina*

Property Highlights

- Located in Asheville, NC, the property has a total of 9 guest rooms, including a separate Cottage on the premises
- Expansion opportunity with permits for 11 guest rooms (the 10th is currently in place with a separate entrance as part of the owner's quarters). Several options for 11th guest room.
- Main inn, guest cottage, owner's residence, storage building
- Main house built c. 1885
- 4,429 SF main house; 826 SF cottage; 1,000 SF storage bldg; 1,790 +/- SF owner's
- 0.89 acre lot with award winning gardens
- Turnkey offering (with stated exceptions)
- Excellent condition
- Solid revenue history and profitability
- Strong destination area
- \$1,995,000



Property Overview



Every once in a while a truly superior opportunity presents itself. Hill House Bed & Breakfast Inn in Asheville, NC is one of those opportunities. This world class B&B is in a quiet residential area but only minutes from downtown Asheville.

The center of this 0.9 acre property is the Inn with 8 spectacular guest rooms plus a charming two story guest cottage in the back. The recently constructed owner's residence in the back has a 10th guest unit available, though the current owners reserve its use for friends and family only. A storage building that includes equipment storage, workshop, and exercise room completes the improvements.

This beautiful Victorian, built in 1885, preserves the architectural charm of the original. But inside is nothing if not a surprise! With its high ceilings, gleaming wood floors, and complex trim throughout, the interior décor is modern, crisp, and comfortable. Bathrooms are updated and luxurious. This is a property that appeals to a large cross

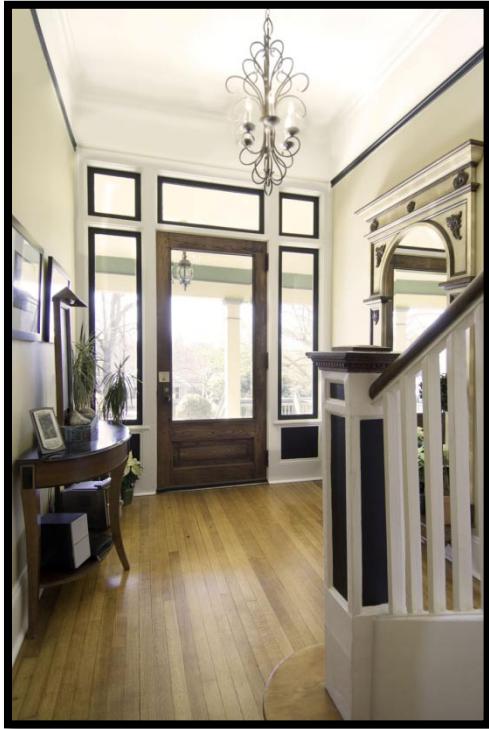
section of guests of a varied demographic and presents itself as an inn positioned for a prosperous future.

The grounds that surround the inn are a gardener's delight with a myriad of flowers and shrubs thoughtfully labeled so that interested guests may identify the plants. These award winning gardens are part of the attraction for this extremely well maintained and thoroughly updated bed & breakfast.

The owner's residence at the back of the property is an innkeeper's dream. With an open floor plan, the house is open, light, and airy and offers owners both a high degree of privacy combined with the convenience of being only steps from the inn. In addition to the potential 10th guest room (with private bath), there is a large kitchen – living area on the ground floor. The upstairs comprises an open master sleeping area with large bathroom.

In excellent condition and with very solid financials, Hill House Bed & Breakfast Inn will appeal to anyone seeking a superior property in Asheville, one of the country's most popular destinations. Offered exclusively through [The B&B Team, Inc.](#) for \$1,995,000.

Property Tour



The entry hall at Hill House is both elegant and sleek, with historical black and white photos lining the hallway. The large front porch is great for relaxing and dining in season.



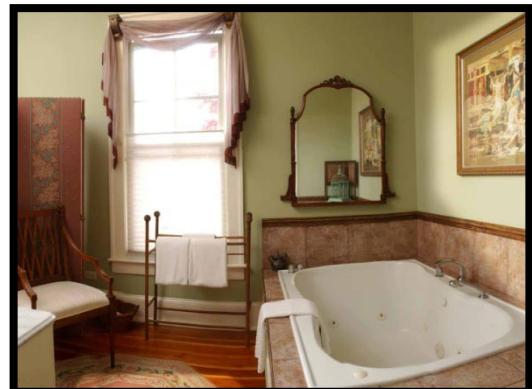
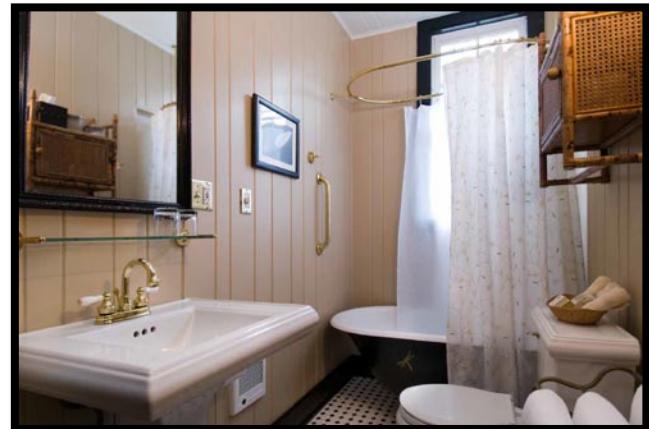


The richly colored and stylishly appointed living room with guest refreshment station and the dining room are gracious indoor common areas for the guests.





Every guest room is unique, and each ensuite bathroom is elegant and well appointed. Creature comforts abound, as do high end amenities.













The guest cottage, located between the main inn and the owner's home, is a two story delight with living room, full kitchen with dining area, a cozy upstairs sleeping area and a luxury bath with skylighted whirlpool.





The recently built owner's home is nestled at the back of the property, and the kitchen-living area is but a sample of the comforts that include a huge master suite and luxury bath plus a 10th guest room.



Property Statistics

Financial Highlights

Price:	\$1,995,000
Gross Revenue (12 months ending 12-31-2010):	\$370,569
Revenue per room:	\$41,173
Gross Room Revenue booked:	\$333,480
Net Operating Income (NOI) 2010:	\$165,098
Cap rate, 2010:	8.3%
Net Operating Income (NOI) (Future Estimate):	\$202,000
Cap Rate, projected:	10.1%
Occupancy Rate, (9) rooms:	53%
Average Daily Rate 2010 (ADR):	\$178.00
Revenue per Available Room 2010 (9 rms) (RevPAR):	\$95.16
Room Rates:	\$155 - \$230

Property Facts

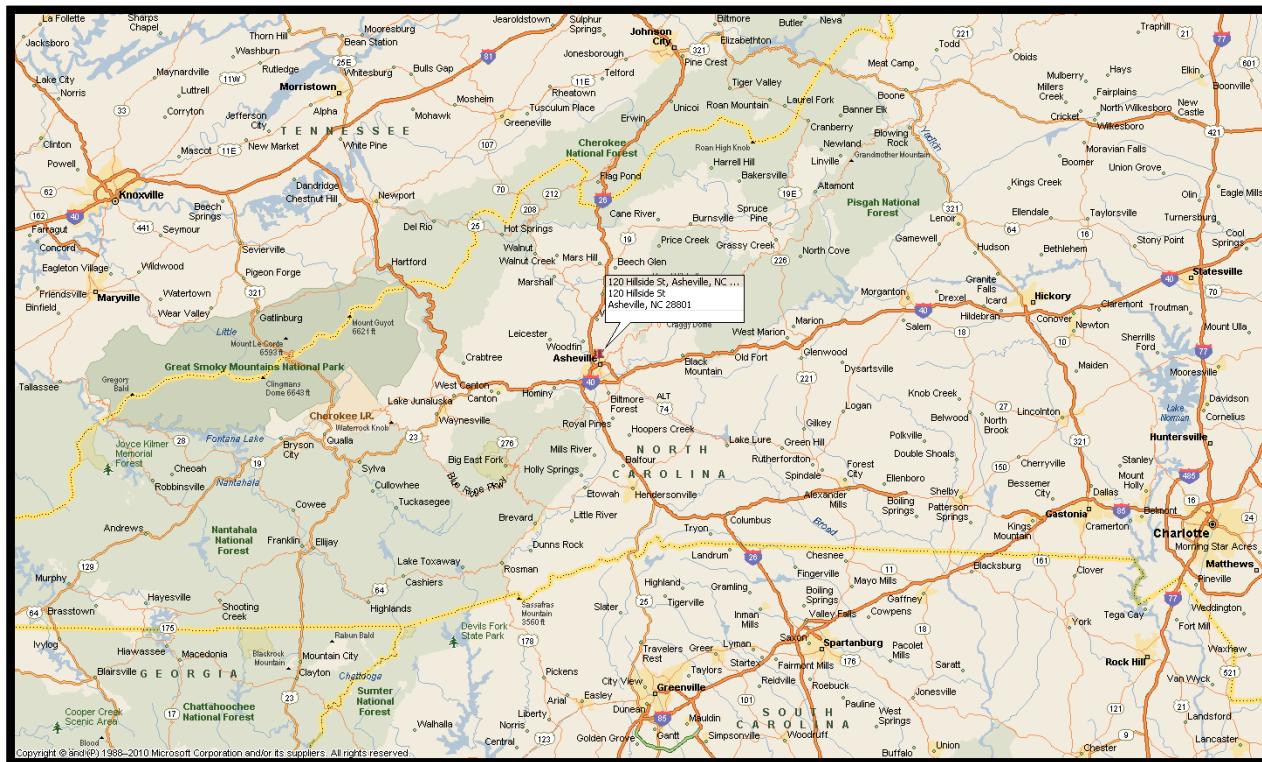
Owner:	Starlight Endeavors, LLC and Starlight BB Company
Address:	120 Hillside St., Asheville, NC 28801
Legal Description:	Tax Parcel ID – 9649-25-9130-00000
Land:	0.87 acres and all improvements thereon
Zoning:	RS-8
Designated Use:	Bed & Breakfast
Construction, inn & cottage:	Frame w/clapboard siding
Roof:	Composition shingle and standing seam tin
Windows:	Thermal pane replacement; original w/storms
HVAC :	Natural gas FA with central A/C
Hot Water:	Nat gas: 2 x 75 gal in main, 1 x 50 gal in laundry, 1 x 50 gal in cottage, 2 x 50 gal in owner's
Telephone System:	N/A
TV:	Cable in all rooms
Water:	Public
Sewer:	Public

Market Analysis

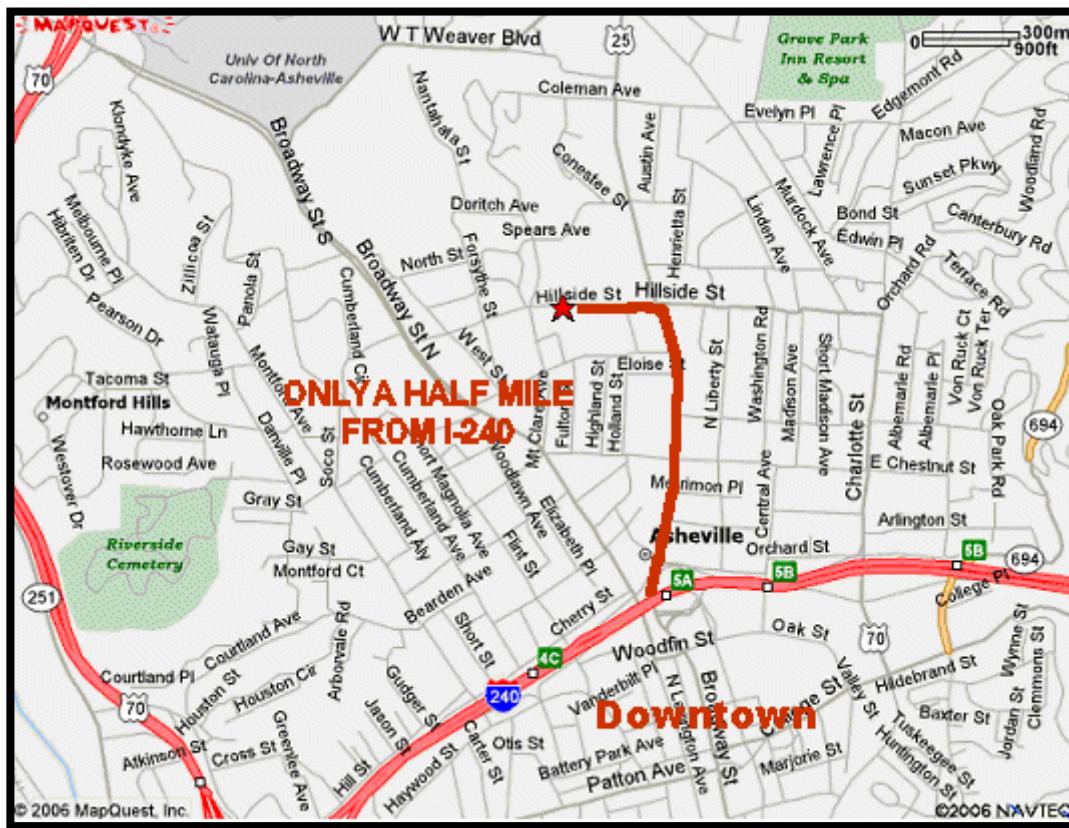
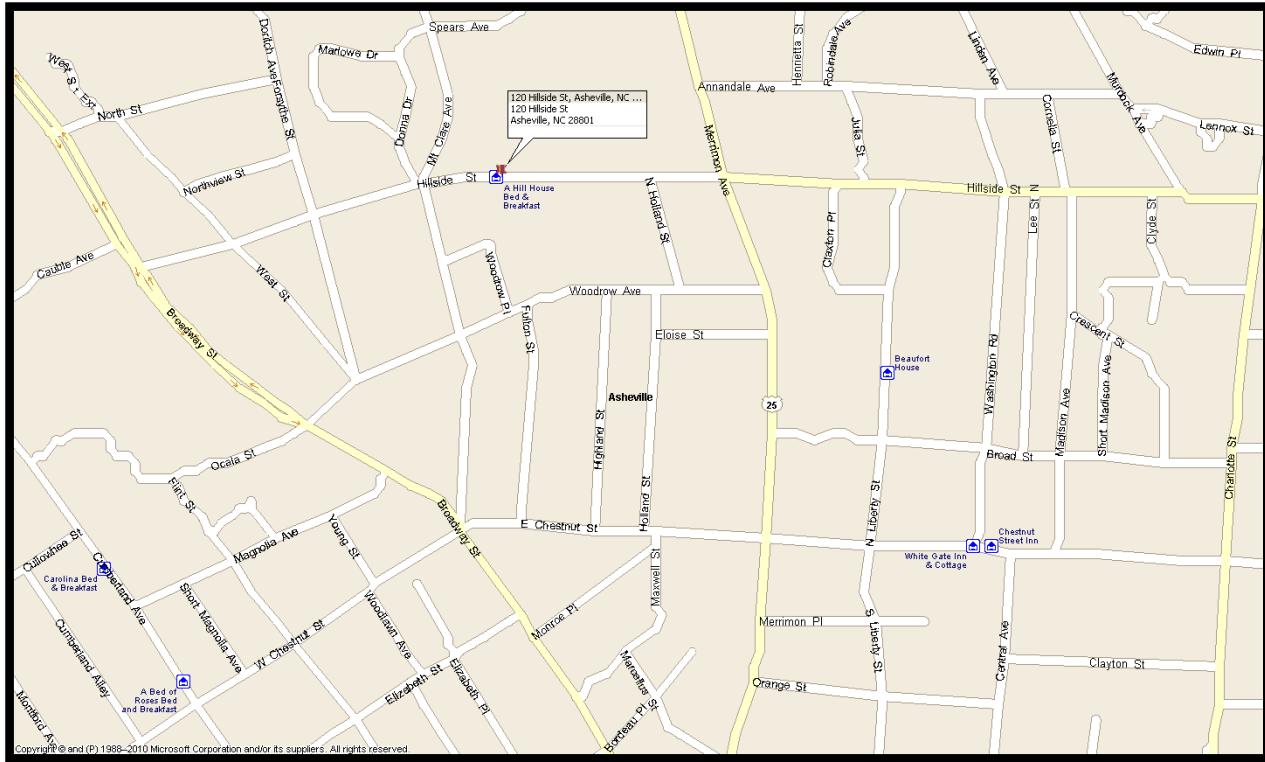
Area Location

Asheville, North Carolina is a city known around the country as a wonderful destination. Not only does it enjoy a moderate, temperate climate that can be enjoyed four seasons, but it boasts an array of activities for virtually any taste, from music to crafts, art and theater to hiking and biking, architecture and museums to history and eclectic dining. In short, Asheville has something for everyone.

On the lodging side, Asheville can rightfully claim to have some of the finest bed & breakfasts gathered in one location that a traveler will find anywhere. From small to large, simple to opulent, and with much in between, if a person likes inns, they'll love Asheville's choices. And for aspiring innkeepers who dream of owning a beautiful B&B one day, this is a town whose name is mentioned to us at [The B&B Team®](#) more often than almost any other, often as a benchmark: "I'd like something in a place like Asheville." That line is often followed by "But we can't afford Asheville."



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Access and Visibility

Asheville is an easy place to find. It is at the junction of I-40 traveling east-west and I-26 which, technically an east-west corridor, is actually a northwest-southeast route connecting Tennessee to South Carolina. Within Asheville, some neighborhoods are “walk-able” to downtown, while most are a short drive. Hill House is located in a quiet residential neighborhood just minutes from all the excitement and activities that downtown Asheville has to offer but with none of the traffic or bustle. While the B&B does not have a neon sign (!), it is easy to locate by following the driving instructions and map on the inns’ website. The B&B’s sign is attractive and well lit.

Market Position and Competition

Because Asheville has been a popular destination for a century, there are many hotels and B&B’s in town and the surrounding area. Over 30 B&B’s are listed with Asheville addresses on bedandbreakfast.com, but the downtown area boasts a significant number of quality properties.

This is a classic case where competition makes everyone better. With Asheville being such a popular destination, and with so many inns to choose from, each B&B must strive to be unique and competitive in its offering. Certain inns have carved out unique niches, but the majority are competing for a similar clientele. The end result is that each inn must be the best it can be. And Hill House Bed & Breakfast has done a superb job of distinguishing itself as a quality, upscale, modern B&B. It has managed to maintain an average daily rate (ADR) of around \$200.00, which is an excellent accomplishment. Room pricing in Asheville is a challenge for the simple reason that there are so many competing inns, making it harder to raise rates, except modestly. Nevertheless, Hill House continues to present itself as a superior property in a crowded field.

If guest reviews are an indication, Hill House enjoys spectacular ratings from its guest on Trip Advisor, with over 146 “Excellent” and 13 “Good” out of a total 164 at this writing. This is truly “the wisdom of the masses” (Stephen Kaufer, founder of Trip Advisor) speaking in favor of Hill House as a great bed & breakfast!

Market Potential

With a lodging property of any kind, there are a few different ways to grow the business. The first is to increase occupancy through any of a variety of methods, which can include more and/or better marketing, use of online travel agencies or programs like Groupon or Living Social, increased networking, and the judicious (and ethical) cultivation of positive word of mouth.

Another way to increase revenues is through increased room rates, which, as mentioned, is a challenge in Asheville except in modest steps that keep the property in line with competitors. Revenue per room can be increased through the addition of packages and ancillary services and add-on products, some of which is done at Hill House, though packaging could be taken to another level by a committed new owner.

Revenues can also be increased by increasing the number of guest rooms. In the case of Hill House, this is merely a decision to use what is already there and permitted: the tenth guest room, which is located in the new owner's residence. This lovely room has an outside entrance and large private bath, so it could easily be incorporated into the pool of available rooms permanently or seasonally, as desired. This could provide for 11% more capacity than is currently being exploited, though its greatest value would be at those times of year and on those occasions when the inn is full and could take advantage of a 10th guest room.

Investment Considerations

While most innkeepers enter the profession for a desire to run an inn, needless to say they are necessary investment considerations in most cases, if for no other reason than to assure preservation of capital.

As a practical matter, good properties in good locations purchased at the right price that are held and operated for a number of years generally increase in value as revenues increase and judicious improvements are made either to the physical plant to enhance appeal or the business model to attract more guests. A comprehensive plan can ensure investment performance to a large degree.

Hill House Bed & Breakfast Inn has all the right ingredients of a good inn investment: great location, excellent condition, solid financials, above average owner's quarters, and expansion potential.

Additional Sources of Information

The Inn's website: www.hillhousebb.com

Asheville Chamber of Commerce: www.ashevillechamber.org

Explore Asheville: www.exploreasheville.com

Asheville on Facebook: www.facebook.com/CityofAsheville

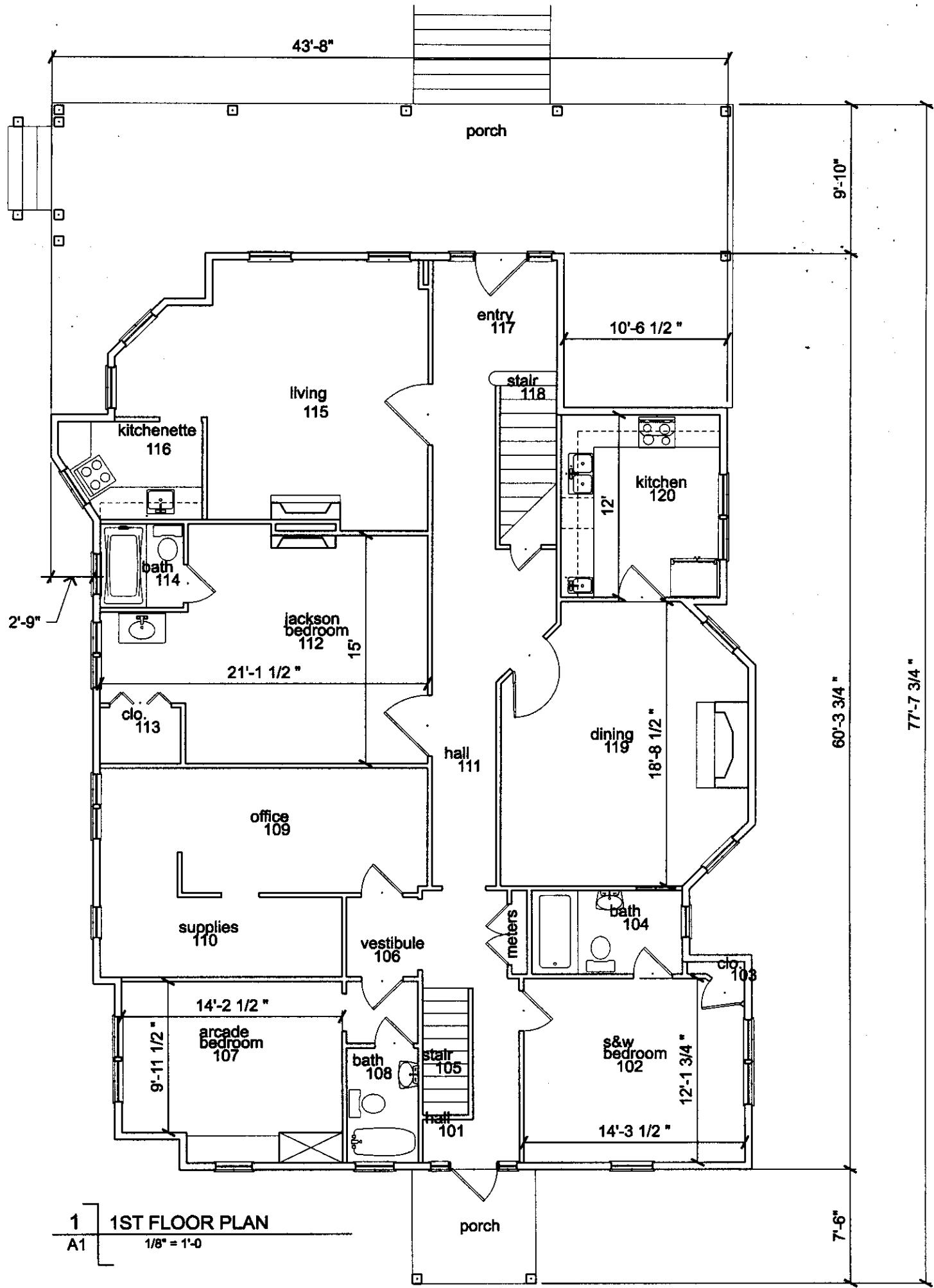
Other Documents and Enclosures

Floor Plans

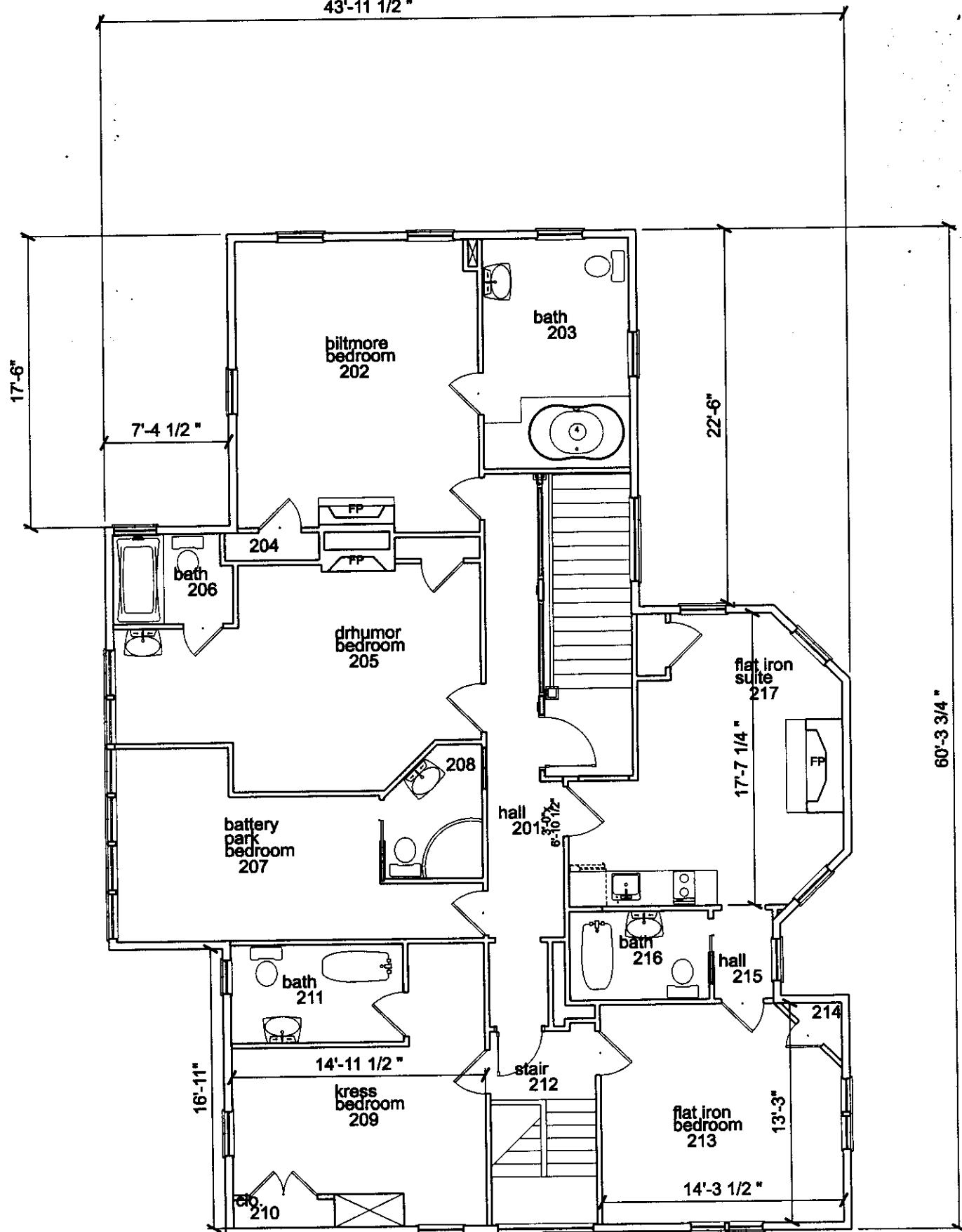
Supporting Financial Statements and Worksheets

Miscellaneous Documents

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43'-11 1/2 "



1

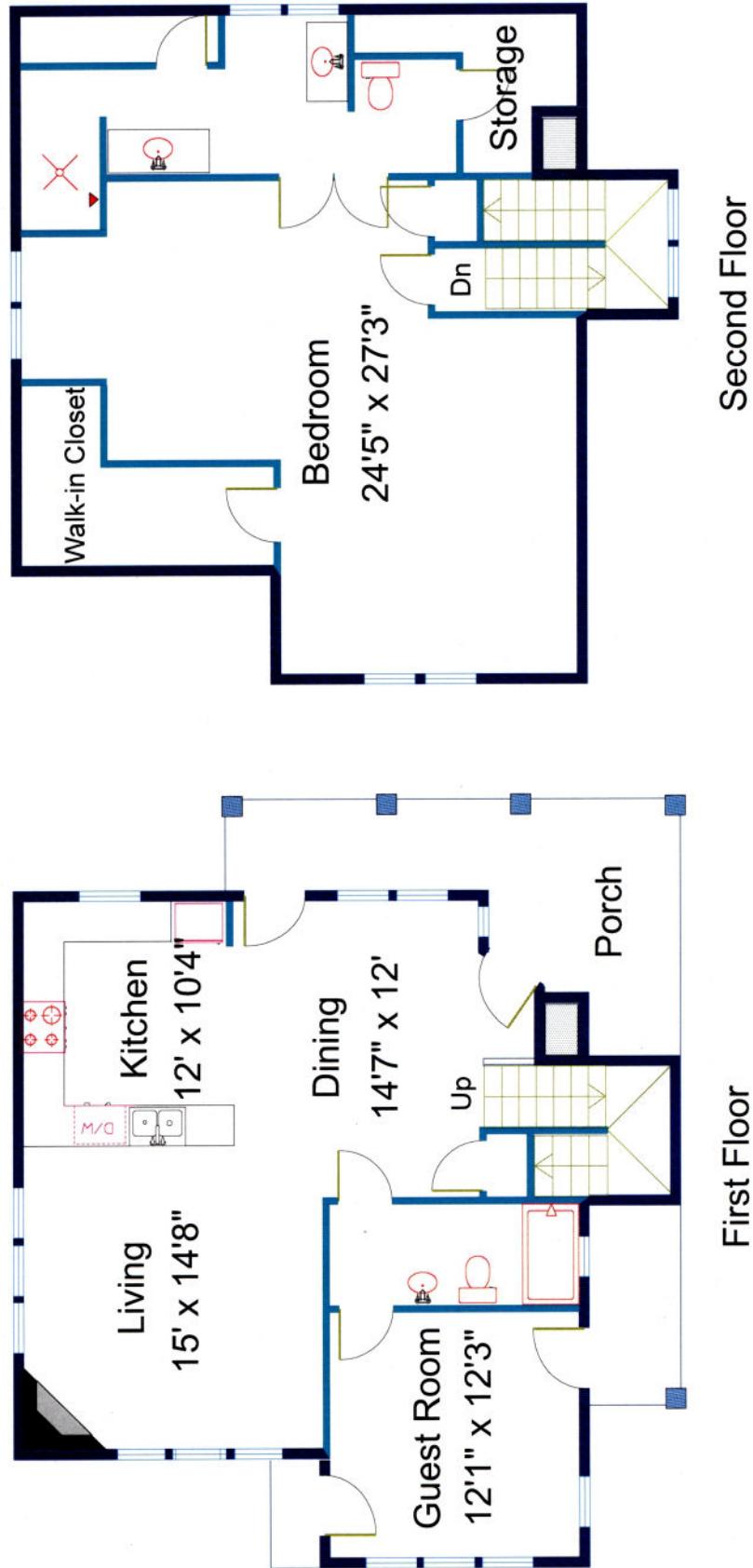
2ND FLOOR PLAN

A2

1/8" = 1'-0

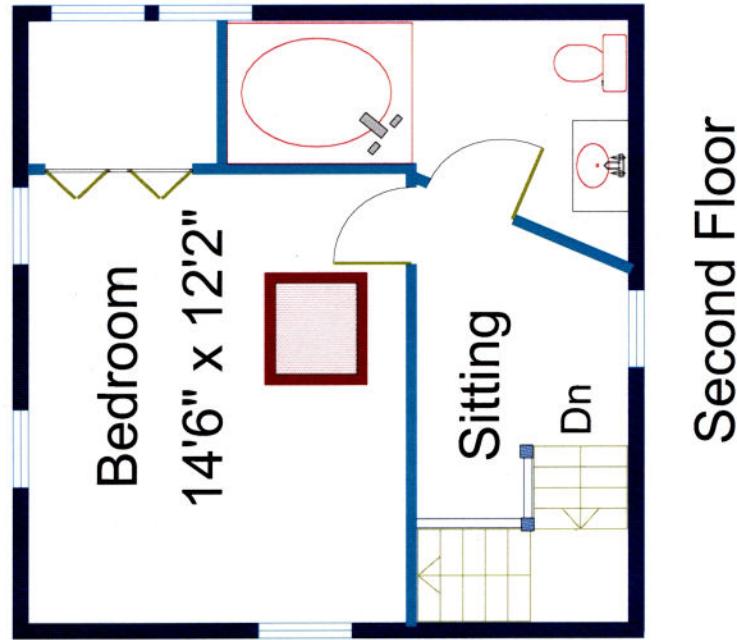
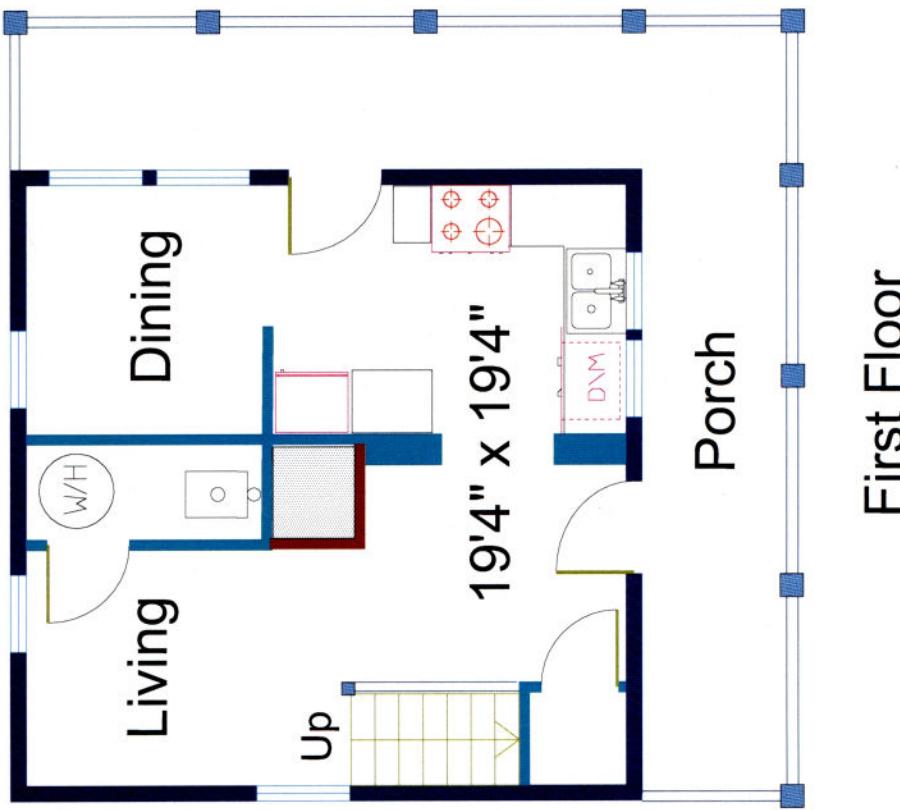
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Owner's Residence



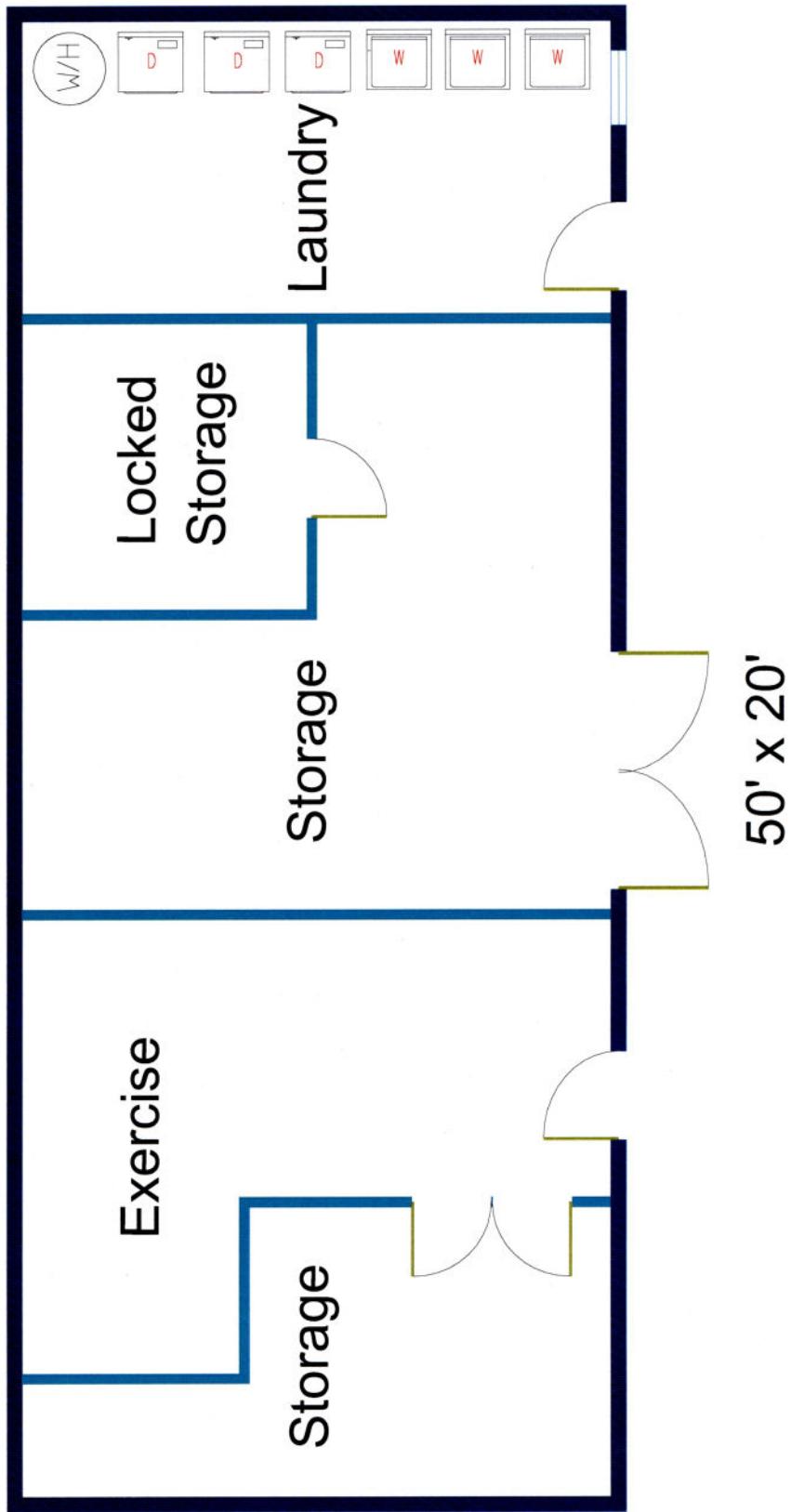
Hill House Bed & Breakfast Inn

Cottage



Hill House Bed & Breakfast Inn

Storage Building



Hill House B&B Inn

Business Analysis

Profit and Loss Based on Normal Operation

	2008 Actual	2009 Actual	2010 Actual	FUTURE Projected
NUMBER OF UNITS	9	9	9	10
OCCUPANCY RATE ANNUAL	58%	52%	53%	53%
OCCUPANCY RATE SEASONAL				
AVERAGE DAILY RATE	180.55	175.48	177.91	188.00
ANNUAL RevPAR	105.58	90.71	95.16	99.64
ANNUAL # ROOMS SOLD	1921	1698	1757	1935
NUMBER GUESTS/YEAR	3650	3226	3338	3676

SUMMARY

INCOME	387,119	342,962	370,569	403,686
COST OF GOODS	50,644	44,237	51,240	48,378
GROSS PROFIT	336,475	298,725	319,329	355,308
EXPENSES				
LABOR RELATED	52,925	36,148	35,807	41,286
VARIABLE	22,783	16,870	20,946	28,758
CONTROLLABLE	49,024	54,690	62,726	47,700
FIXED AND OCCUPANCY	33,468	32,864	34,753	35,638
TOTAL EXPENSES	158,201	140,572	154,232	153,382
NET OPERATING INCOME (NOI) PRE DEBT, OWNER, DEPRECIATION	178,275	158,153	165,098	201,927
% of Sales	46.1%	46.1%	44.6%	50.0%

DETAIL

INCOME

BED AND BREAKFAST	346,831	297,970	312,594	363,686
F&B	0	0	0	0
POS - PACKAGES	37,931	33,253	36,694	40,000
EVENTS	0	0	0	0
GIFTS AND PRODUCTS	0	0	0	0
OTHER INCOME	1,336	10,556	20,886	0
FEES	1,020	1,183	395	0
TOTAL SALES	387,119	342,962	370,569	403,686

COST OF GOODS SOLD

FOOD BED & BREAKFAST	19,110	17,047	18,199	18,378
F&B OTHER	0	0	0	0
PACKAGES	31,533	27,190	33,041	30,000
EVENTS	0	0	0	0
GIFTS AND PRODUCTS	0	0	0	0
SERVICES	0	0	0	0
TOTAL COGS	50,644	44,237	51,240	48,378

LABOR

MISC WAGES	31,968	22,546	22,670	32,649
HOUSEKEEPING	0	0	0	0
INNKEEPING	0	0	0	0
BREAKFAST	0	0	0	0
OTHER	0	0	0	0
Total Wages	31,968	22,546	22,670	32,649
CASUAL LABOR	0	0	0	250
RECRUITING	0	0	0	0
PAYROLL TAXES	12,524	9,621	10,185	2,938
WORKERS COMP	0	0	0	816
BENEFITS / EMPLOYEE HEALTH	0	0	0	1,632
LANDSCAPING	8,433	3,982	2,952	3,000
TOTAL LABOR COST	52,925	36,148	35,807	41,286

VARIABLE EXPENSES

SUPPLIES HOUSEKEEPING	2,135	1,817	2,119	14,129
SUPPLIES DECORATIVE	1,795	1,203	2,145	0
SUPPLIES LINENS	3,884	2,934	3,222	0
SUPPLIES KITCHEN	1,888	1,191	1,404	0
SUPPLIES OFFICE	914	312	733	3,028
SUPPLIES AMENITIES	2,426	1,318	2,056	
CREDIT CARD DISCOUNTS	9,250	7,892	9,090	11,101
OTHER BANK FEES	0	17	0	0
LAUNDRY	290	29	177	250
COMMISSIONS	200	155	0	250
OTHER	0	0	0	0
TOTAL VARIABLE COST	22,783	16,870	20,946	28,758

CONTROLLABLE

Total Marketing	20,162	32,270	33,372	17,850
ADVERTISING AND PROMOTION	19,673	31,944	33,041	17,500
INTERNET - WEBSITE	0	0	0	0
INTERNET - DIRECTORIES	0	0	0	0
INTERNET - SEM / PPC	0	0	0	0
ADVERTISING - OTHER / PRINT	0	0	0	0
DIRECT MAIL COSTS	489	326	331	350
REPAIRS AND MAINT	13,021	8,336	16,090	15,000
PROFESSIONAL FEES	6,357	5,738	5,651	5,000
TRAVEL - M&E	3,807	2,443	2,118	3,000
EDUCATION	0	0	39	750
VEHICLE	3,777	3,882	3,577	4,000
DUES AND SUBS	1,386	1,813	1,315	1,750
MISCELLANEOUS	514	208	564	350
TOTAL CONTROLLABLE COST	49,024	54,690	62,726	47,700

FIXED AND OCCUPANCY

MISC. UTILITIES	0	0	0	15,670
GAS	6,227	5,351	4,803	0
HEATING OIL	0	0	0	0
ELECTRIC	4,780	4,397	5,331	0
WATER/SEWER	3,298	3,334	4,263	0
TELEPHONE	2,820	3,175	2,972	4,133
CABLE / SATELLITE	2,091	1,922	2,101	0
Total Utilities	19,215	18,179	19,470	19,803
WASTE REMOVAL	0	0	0	0
CONTRACT SERVICES	0	0	0	0
EQUIPMENT RENTAL	0	0	55	0
INSURANCE	5,500	5,821	6,262	6,500
TAXES				
Property Tax	8,375	8,570	8,681	9,000
Other Tax	293	294	200	250
Total Taxes	8,668	8,864	8,881	9,250
LICENSES	85	0	85	85
TOTAL FIXED COST	33,468	32,864	34,753	35,638
NET OPERATING INCOME	178,275	158,153	165,098	201,927

Information is from sources believed reliable but is not guaranteed.

Hill House B&B Inn

Investment Worksheet

Estimate of first year benefits of investment

Based on FUTURE Income

					Asking Price
Purchase cost					\$1,995,000
Cash invested	25%				\$498,750
Financing:	Amt	\$1,496,250	Rate	P&l/mo:	\$11,377 1st year int.: \$99,877
			6.75%	20 yrs.	
Cost Recovery					
Land value		\$110,699			
Personal property value	5 yr	\$67,000	X	Factor% =	20.00% \$13,400
Goodwill	15 yr	\$314,250	X	Factor% =	6.67% \$20,950
Improvements	39 yr	\$1,503,051	X	Factor% =	2.46% \$36,975
Total Cost Recovery					\$71,325
Gross operating income					\$403,686
Annual operating expenses					\$201,759
Net operating income					\$201,927
1. Gross operating income					\$403,686
Minus: operating expenses					\$201,759
Equals: net operating income					\$201,927
Minus: annual debt service					\$136,524
Equals: cash flow before tax					\$65,403
2. Annual debt service					\$136,524
Minus: interest					\$99,877
Equals: principal reduction					\$36,647
3. Net operating income					\$201,927
Minus: interest					\$99,877
Minus: total cost recovery					\$71,325
Equals: taxable income					\$30,724
Multiplied by tax bracket					-20%
Equals: tax paid or saved					-\$6,145
4. Appreciation [estimate]					\$0
Return on investment with appreciation					19.2%
Return on investment without appreciation					19.2%
Capitalization rate					10.1%
Cash on cash					13.1%
Debt Coverage Ratio					1.48
Assumes a full 12 months of ownership and validity of all other assumptions regarding interest rates, price, etc.					
Accuracy of information not guaranteed. Not a substitute for legal or tax advice.					



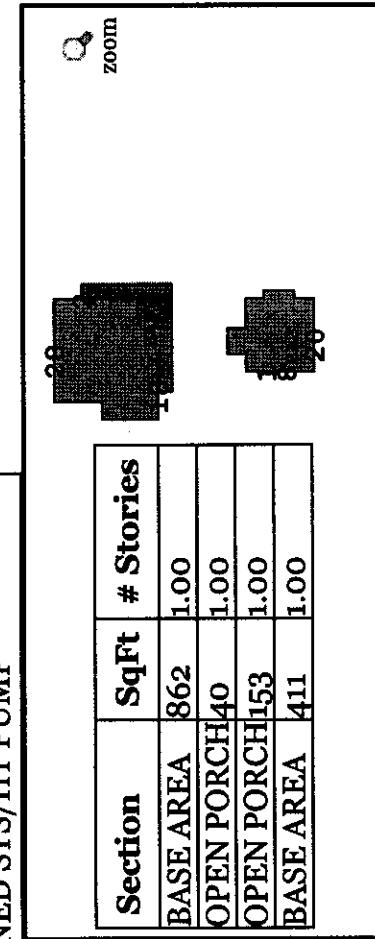
TAX DEPARTMENT

Parcel ID - 9649-25-9130-00000

Building Structures

Res. Building ID	Style	Sq. Feet	Bsmt SqFt	Bsmt Finished	Year Built	Grade	Condition	Value
1	2.0-STY CONVENTIONAL	1273	0	0	2004	A	N	143361

Refinement	Description	Built-Ins	Units
Foundation	SLAB	Full Bath(s)	2
Roof TY/MT	HIP W/ COMP. SHGL.	Fireplace/Gas Log	1
Roof Structure	WOOD JOIST	Bedrooms(s)	2
Floor Finish	W/W CARPET		
Interior Finish	DRYWALL/SHEETROCK		
Heating	HEAT PUMP		
Air Condition	COMBINED SYS/HT PUMP		



Building Structures

Res. Building ID	Style	Sq. Feet	Bsmt SqFt	Bsmt Finished	Year Built	Grade	Condition	Value

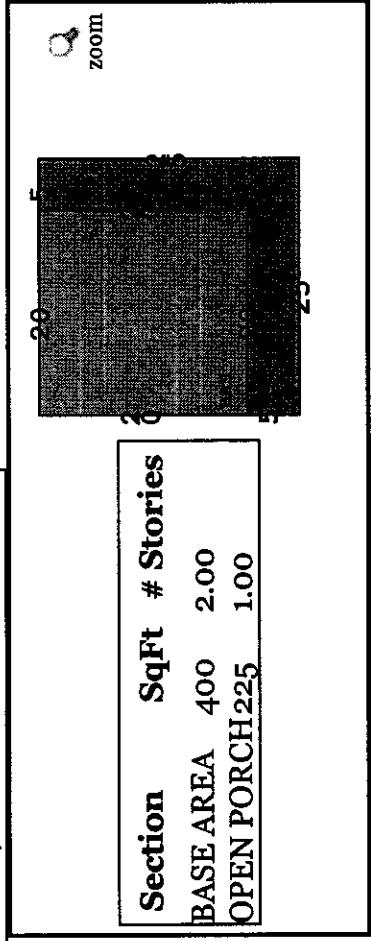
Refinement	Description	Foot	SqFt	Rooms	Year	Grade	Condition	Value
2	2.0-STY CONVENTIONAL	4418	0	0	1904	A	R	431592
Foundation	PIERS-WD/STL/MSNY							
Roof TY/MT	GABLE W/ COMP. SHGL.							
Roof Structure	WOOD JOIST							
Floor Finish	HARDWOOD							
Interior Finish	DRYWALL/SHEETROCK							
Heating	FORCED AIR							
Air Condition	FORCED AIR/AC SYSTEM							

Section	SqFt	# Stories
BASE AREA	2149	2.00
BASE AREA	120	1.00
OPEN PORCH	36	1.00
OPEN PORCH	588	1.00

Building Structures

Res. Building ID	Style	Sq Foot	Bsmt SqFt	Bsmt Finished	Year Built	Grade	Condition	Value
3	2.0-STY CONVENTIONAL	800	0	0	1904	A	R	97196
Refinement	Description							
Foundation	PIERS-WD/STL/MSNY							
Roof TY/MT	GABLE W/ COMP. SHGL.							
Roof Structure	WOOD JOIST							
Floor Finish	HARDWOOD							

Interior Finish	DRYWALL/SHEETROCK
Heating	FORCED AIR
Air Condition	FORCED AIR/AC SYSTEM



WORKING WITH REAL ESTATE AGENTS

NOTE: Effective July 1, 2001, in every real estate sales transaction, a real estate agent shall, at first substantial contact directly with a prospective buyer or seller, provide the prospective buyer or seller with the following information [NC Real Estate Commission Rule 21 NCAC 58A.0104(c)].

When buying or selling real estate, you may find it helpful to have a real estate agent assist you. Real estate agents can provide many useful services and work with you in different ways. In some real estate transactions, the agents work for the seller. In others, the seller and buyer may each have agents. And sometimes the same agents work for both the buyer and the seller. It is important for you to know whether an agent is working for you as **your** agent or simply working **with** you while acting as an agent of the other party.

This brochure addresses the various types of working relationships that may be available to you. It should help you decide which relationship you want to have with a real estate agent. It will also give you useful information about the various services real estate agents can provide buyers and sellers, and it will help explain how real estate agents are paid.

SELLERS

Seller's Agent

If you are selling real estate, you may want to "list" your property for sale with a real estate firm. If so, you will sign a "listing agreement" authorizing the firm and its agents to represent you in your dealings with buyers as your *seller's agent*. You may also be asked to allow agents from other firms to help find a buyer for your property.

Be sure to read and understand the listing agreement before you sign it.

Duties to Seller: The listing firm and its agents must • promote your best interests • be loyal to you • follow your lawful instructions • provide you with all material facts that could influence your decisions • use reasonable skill, care and diligence, and • account for all monies they handle for you. Once you have signed the listing agreement, the firm and its agents may not give any confidential information about you to prospective buyers or their agents without your permission so long as they represent you. But **until you sign the listing agreement, you should avoid telling the listing agent anything you would not want a buyer to know.**

Services and Compensation: To help you sell your property, the listing firm and its agents will offer to perform a number of services for you. These may include • helping you price your property • advertising and marketing your property • giving you all required property disclosure forms for you to complete • negotiating for you the best possible price and terms • reviewing all written offers with you and • otherwise promoting your interests.

For representing you and helping you sell your property, you will pay the listing firm a sales commission or fee. The listing agreement must state the amount or method for determining the commission or fee and whether you will allow the firm to share its commission with agents representing the buyer.

Dual Agent

You may even permit the listing firm and its agents to represent you **and** a buyer at the same time. This "dual agency relationship" is most likely to happen if an agent with your listing firm is working as a *buyer's agent* with someone who wants to purchase your property. If this occurs and you have not already agreed to a dual agency relationship in your listing agreement, your listing agent will ask you to sign a separate agreement or document permitting the agent to act as agent for both you and the buyer.

It may be difficult for a *dual agent* to advance the interests of both the buyer and seller. Nevertheless, a *dual agent* must treat buyers and sellers fairly and equally. Although the *dual agent* owes them the same duties, buyers and sellers can prohibit *dual agents* from divulging certain confidential information about them to the other party.

Some firms also offer a form of dual agency called "designated agency" where one agent in the firm represents the seller and another agent represents the buyer. This option (when available) may allow each "designated agent" to more fully represent each party.

If you choose the "dual agency" option, remember that since a dual agent's loyalty is divided between parties with competing interests, it is especially important that you have a clear understanding of • what your relationship is with the *dual agent* and • what the agent will be doing for you in the transaction.

BUYERS

When buying real estate, you may have several choices as to how you want a real estate firm and its agents to work with you. For example, you may want them to represent only you (as a *buyer's agent*). You may be willing for them to represent both you and the seller at the same time (as a *dual agent*). Or you may agree to let them represent only the seller (*seller's agent or subagent*). Some agents will offer you a choice of these services. Others may not.

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North Carolina Association of REALTORS®, Inc.

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STANDARD FORM 520

REC 1/1/2009

Hill House B&B

Buyer's Agent

Duties to Buyer: If the real estate firm and its agents represent you, they must • promote your best interests • be loyal to you • follow your lawful instructions • provide you with all material facts that could influence your decisions • use reasonable skill, care and diligence, and • account for all monies they handle for you. Once you have agreed (either orally or in writing) for the firm and its agents to be your *buyer's agent*, they may not give any confidential information about you to sellers or their agents without your permission so long as they represent you. But **until you make this agreement with your buyer's agent, you should avoid telling the agent anything you would not want a seller to know.**

Unwritten Agreements: To make sure that you and the real estate firm have a clear understanding of what your relationship will be and what the firm will do for you, you may want to have a written agreement. However, some firms may be willing to represent and assist you for a time as a *buyer's agent* without a written agreement. But if you decide to make an offer to purchase a particular property, the agent must obtain a written agency agreement. If you do not sign it, the agent can no longer represent and assist you and is no longer required to keep information about you confidential. Furthermore, if you later purchase the property through an agent with another firm the agent who first showed you the property may seek compensation from the other firm.

Be sure to read and understand any agency agreement before you sign it.

Services and Compensation: Whether you have a written or unwritten agreement, a *buyer's agent* will perform a number of services for you. These may include helping you • find a suitable property • arrange financing • learn more about the property and • otherwise promote your best interests. If you have a **written** agency agreement, the agent can also help you prepare and submit a written offer to the seller.

A *buyer's agent* can be compensated in different ways. For example, you can pay the agent out of your own pocket. Or the agent may seek compensation from the seller or listing agent first, but require you to pay if the listing agent refuses. Whatever the case, be sure your compensation arrangement with your *buyer's agent* is spelled out in a buyer agency agreement before you make an offer to purchase property and that you carefully read and understand the compensation provision.

Dual Agent

You may permit an agent or firm to represent you and the seller at the same time. This "dual agency relationship" is most likely to happen if you become interested in a property listed with your *buyer's agent* or the agent's firm. If this occurs and you have not already agreed to a dual agency relationship in your (written or oral) buyer agency agreement, your *buyer's agent* will ask you to sign a separate agreement or document permitting him or her to act as agent for both you and the seller. It may be difficult for a *dual agent* to advance the interests of both the buyer and seller. Nevertheless, a *dual agent* must treat buyers and sellers fairly and equally. Although the *dual agent* owes them the same duties, buyers and sellers can prohibit *dual agents* from divulging certain confidential information about them to the other party.

Some firms also offer a form of dual agency called "designated agency" where one agent in the firm represents the seller and another agent represents the buyer. This option (when available) may allow each "designated agent" to more fully represent each party.

If you choose the "dual agency" option, remember that since a *dual agent's* loyalty is divided between parties with competing interests, it is especially important that you have a clear understanding of • what your relationship is with the *dual agent* and • what the agent will be doing for you in the transaction. This can best be accomplished by putting the agreement in writing at the earliest possible time.

Seller's Agent Working with a Buyer

If the real estate agent or firm that you contact does not offer *buyer agency* or you do not want them to act as your *buyer agent*, you can still work with the firm and its agents. However, they will be acting as the *seller's agent* (or "subagent"). The agent can still help you find and purchase property and provide many of the same services as a *buyer's agent*. The agent must be fair with you and provide you with any "material facts" (such as a leaky roof) about properties.

But remember, the agent represents the seller - not you - and therefore must try to obtain for the seller the best possible price and terms for the seller's property. Furthermore, a *seller's agent* is required to give the seller any information about you (even personal, financial or confidential information) that would help the seller in the sale of his or her property. Agents must tell you *in writing* if they are *seller's agents* before you say anything that can help the seller. But **until you are sure that an agent is not a seller's agent, you should avoid saying anything you do not want a seller to know.**

Seller's agents are compensated by the sellers.

FOR BUYER/SELLER

This is not a contract

May 9, 2011

Date

The B&B Team, Inc.

Firm Name

Peter Scherman

Agent Name

204072

License Number

Disclosure of Seller Subagency

(Complete, if applicable)

When showing you property and assisting you in the purchase of a property, the above agent and firm will represent the SELLER. For more information, see "Seller's Agent Working with a Buyer" in the brochure.

Agent's Initials Acknowledging Disclosure: *PKS*

The North Carolina Real Estate Commission

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