



AND

WE REBATE 50% OF COMMISSION EARNED TO OUR BUYER CLIENTS* AND SELL HOMES FOR 4%.

This FAQ covers many of the most common questions and concerns buyers ask us regarding rebates from real estate transactions. If you still have a question, please feel welcome to call or e-mail us.

1. This seems too good to be true. What's going on here?
2. I already registered with a new homebuilder. Can I still get a rebate through one of your real estate agents?
3. How can Crown Real Estate afford to give rebates?
4. Why don't all realtors offer rebates?
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10. Will I have to pay more money for a real estate agent to represent me when buying a home?
11. I see that you are located in Colorado, but I'm in California. Can I still use a Crown Agent?
12. If the seller pays you a 3% commission, and you pay 1% back to the buyer as a rebate, then what if the seller is offering less than 3%?
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1. This seems too good to be true. What's going on here?

For Buyers: The math is simple - Most real estate agents keep all of the commission. However, Crown Agents don't. Instead, Crown agents give a cash rebate back to you. When the seller (or builder) pays a commission, the Crown Agents are simply giving some of their commission back to you. There is never any charge to you as the buyer.

We like to say "Eliminate the taxi driver" from the home buying process. Here's how:



A traditional real estate agent might spend several weeks or months driving you around every weekend to look at new homes. That takes a lot of time, which is why the agent has to make a large commission on each transaction (which, by the way, the seller pays). But we figure that you'd prefer to start your home search on the Internet instead, right?

So, imagine if your real estate agent could leave the taxi driving up to you and just focus on his or her fiduciary duty by negotiating a great deal on your next home. That's how Crown Agents work. And to thank you for not having to be a taxi driver, the Crown Agent shares his/her commission with you!

A local, top-notch Crown Agent will **help you** identify areas & homes you might like, and give you the resources to narrow your search down on your own. Once you are ready to get serious about buying a home, the Crown agent will provide you with a **full service experience**, but since he doesn't have to be a taxi driver, he can afford to share his commission with you! Sounds like a great deal, right? It is! We both win - the agent can focus on what he does best, negotiating a great deal for you and guiding you through the escrow & closing process, and you get the freedom to start your home search on your own terms & timeframe. Why didn't anyone think of this sooner?! (Actually we have an answer for that too - it wasn't possible before the Internet!)

For Sellers: Crown Agents offer a discounted listing fee (i.e., Crown Agents charge less than most other Real estate agents do. **We offer a full listing service for only 4%**)

2. I already registered with a new homebuilder. Can I still get a rebate through one of your real estate agents?

The short answer is you may have just made a \$10,000 mistake. Then again, you may still be able to get the rebate. Here's why:

A builder allows you to have an agent when you show up on your first visit. If you've already visited the builder, they are not legally bound to compensate a real estate agent, since you're already a potential client. However, sometimes a builder will allow you to hire an agent after the fact. Your first step should be to call the builder ASAP and ask them if you can have a real estate agent represent you. If the builder says yes, we will assign a local Crown agent to you. Cross your fingers, because if the builder doesn't allow you to hire an agent, then you have to either **a)** buy that home without the rebate (ouch!) or **b)** pick another builder.

3. How can Crown Agents afford to give rebates?

We have founded our entire company on the concept of rebates. Our network of agents utilize Internet Technology to streamline their costs and to be more efficient. (For example, this FAQ you're reading now means we don't have to answer the same questions over and over on the phone!). Crown Agents are willing to earn less money on every transaction because they know that you probably already have an idea of the property or area in which you want to buy, so the agent doesn't have to be a "taxi driver" and drive you all around town. Since you're saving the agent time, they can afford to share their commission with you. Crown Agents also know that satisfied customers lead to a greater number of clients. When they give you a rebate, they are basically giving you back part of their commission... a commission which the **SELLER** pays a real estate agent. A buyer never pays a commission, so the rebate isn't costing you anything. You pay the **same price** for a house whether you have a real estate agent or not. So why not get a few thousand dollars back when you buy your next home?

4. Why don't all realtors offer rebates?

Most real estate agents can't afford to give rebates, for a number of reasons. Usually the real estate agent has to give half of his or her commission to the head office. Instead of paying you a rebate, they are paying the office to enrich the Corporate GUYS. Lastly, very few realtors are using technology effectively (like Crown Agents do!) and are not able to service clients while reducing costs.

Aren't you glad you found us?

5. My agent said it was illegal to offer rebates. Is this true?

In most states, your real estate agent is wrong! Giving rebates is very legal in all but a handful of states - in fact, it would be illegal not to be able to give a rebate. ***That's called price fixing.***

However, a handful of states do not allow rebates: Alabama, Alaska, Iowa, Kansas, Louisiana, Mississippi, Missouri, New Jersey, New York, Oklahoma, Oregon and Wyoming. The state of Kentucky just changed their rules and made rebates legal (they were under pressure by the Department of Justice to do so). If you live in one of the states where rebates are not legal, but

you want them to be, please write your Senator and Congressman, or send us an email, and we'll forward it to the Department of Justice! **We really appreciate the fact that the DOJ is looking into states which do not allow rebates.**

It's GREAT to see the DOJ at work - here's a notice recently posted on South Dakota's website:

Notice to All Licensees

The South Dakota Real Estate Commission, in response to a U.S. Department of Justice investigation, has rescinded and nullified two declaratory rulings that prohibited licensees from offering rebates, inducements, or other discounts to consumers.

All South Dakota licensees may now offer consumers rebates of commission fees, inducements, or other discounts. South Dakota licensees also may use truthful and non-misleading advertisements to notify consumers of rebates, inducements, or other discounts, which they may choose to offer.

If you were disciplined for offering a rebate, inducement, or other discount, then that disciplinary action shall be deemed null and void, and the Commission will note that in its records.

Please note that the Commission's decision to nullify and rescind the declaratory rulings that banned rebates, inducements, or other discounts does not alter the Commission's authority to enforce other regulations or declaratory rulings generally and to prohibit advertising or other conduct that is fraudulent, false, deceptive, or misleading.

Commission Resolution 06-30-05-01 to Repeal Declaratory Ruling 93-1

Commission Resolution 06-30-05-02 to Repeal Declaratory Ruling 03-01

And here's a notice recently on Kentucky's website:

**Agreement between the Kentucky Real Estate Commission and
the U.S. Department of Justice
with regard to inducements and rebates.**

To understand its terms, please click on the [this link](#):
[Go to Agreement.](#)

*Licensees may now offer inducements and rebates as long as such
inducements and rebates are disclosed in writing. You can
reference the Commission's emergency regulations with regard to
inducements and rebates under the Real Estate Licensing Laws of
Kentucky section below.*

6. My real estate agent said, "You get what you pay for". Will you provide me with the same level of service as a traditional agent?

Not only will Crown Agents provide you with the same level of service; we'll provide you with a better level of service than anyone in the industry, and here's how:

Crown Real Estate is not for everyone. If you're uncomfortable using email or browsing the web, the advantages of using a Crown agent will not be as obvious to you. But if you're tired of dealing with real estate agents that aren't tech savvy (or don't even know how to use email!), come enjoy the benefits of having a Crown Agent help you find your next home, and share his commission with you in the process. **Remove the taxi driver from your home buying experience, and empower yourself!** The Crown Agent network is comprised of top-notch and seasoned local real estate agents. Some have left firms such as Coldwell bankers, Keller Williams, Re/max, Metro Brokers, ERA, Century 21 and other brands you'd surely recognize. These agents have agreed to join our network because they believe in giving back. Furthermore, we have verified their ability to give top-notch service & support to you.

7. Where are you located?

Our office is located in Denver, Colorado. However, we service clients nationwide via a network of trusted agents (Cooperation!), all of whom are willing to share their commission with you.

8. Would I be getting 'real' cash at closing?

Yes! In most cases (95% of the time), the rebate is put right on the HUD-1 closing statement, so you bring less cash to closing than you otherwise would have to! For example, let's say you're buying a \$400,000 house. Your rebate would be \$4,000. Now, if you were getting a 100% loan, you would just have to pay typical closing costs on your purchase, probably about \$10,000 (these

are loan fees, etc). BUT since you're using a Crown Agent, that \$4,000 rebate gets credited towards your closing costs, so you only have to bring \$6,000 to closing instead of \$10,000! You just saved \$4,000 **real** dollars!

9. How do you define 'new home' and 'resale / existing home'?

A new home is a newly constructed home sold by a builder. A resale home is an existing home sold by a private seller.

10. Will I have to pay more money for a real estate agent to represent me when buying a home?

No! There is no cost to the buyer to have a Crown Agent represent you when buying a home. You pay more when you don't have an agent because you forfeit your rebate!

Here's how it works:

New Homes: The builder charges a price for a newly constructed home. If you make an offer with a real estate agent at your side, the builder will pay your agent a commission (Part of which we would give back to you). However, if you buy that same home without an agent, the builder will still charge you same price but you will not be eligible for a rebate. By law, the builder can only pay a commission to a licensed realtor. But you don't have to believe it from us - Go ahead and call a few homebuilders and ask them if they'll pay the commission directly to you.

Resale homes: A real estate agent charges the seller 6% of the price of the home to list it. If a buyer shows up with a Real estate agent, then both agents split that 6%. However, if you show up and buy with no Realtor, the listing agent just keeps the whole 6%. The listing agent won't give you a discount. If you use us, our Crown agents will give part of their commission back to you.

11. I see that you are located in Colorado, but I'm in California. Can I still use Crown Real Estate?

Yes! We cooperate with top-notch and seasoned agents in your area. These agents believe in giving back.

12. If the seller pays you a 3% commission, and you pay part of that back to the buyer as a rebate, then what if the seller is offering less than 3%?

A Crown Agent will offer you a rebate based on the ratio of the seller's commission. He or she will work the details out with you before you begin your search, and will put it in writing.

13. What's the difference between a pre-approval letter and a pre-qualification letter?

Your lender will give you a pre-qualification letter after s/he has done a brief analysis of your financial situation. This may or may not include checking your credit. However, the letter will usually say: it's contingent on various factors, such as the verification of what you've told them. A pre-approval letter is more thorough, and will include a credit check. This letter is more likely to say that you're approved for a home as long as your financial situation doesn't change (i.e., you don't buy a car while you're trying to buy a house, etc.) Some sellers or builders will require a pre-approval letter, and few won't.

14. What is a HUD-1 Statement?

The HUD-1 is a standard form produced by the Housing and Urban Development Authority. The HUD-1 is often referred to as the closing statement because it must be used at all closings and details the monies owed by the buyer to be paid to the seller. **Our network of agents provide your rebate directly on the HUD-1** (so long as your lender allows it - see the next question), **meaning you can bring less cash to closing.**

15. Does the rebate have to be listed on the HUD-1 statement, or can it be given after closing?

According to Fannie Mae guidelines and federal laws, all credits must be given on the settlement statement (not after closing). Failure to disclose the payment to the buyer on the settlement statement can constitute a "false statement to a lender" (a federal crime), and also a violation of the License Law and Commission rules. **As long as the rebate is listed on the HUD-1, it is perfectly fine in the majority of states, and most lenders do allow the rebate on the HUD-1.** However, if your lender will not allow the rebate on the HUD-1, then the only way for you to get the credit would be to have the seller lower the sales price by the amount of the rebate. It is the buyer's responsibility to ensure they have selected a lender who will allow the rebate on the HUD-1 statement.

16. How do you make money?

Our Crown Agents keep a smaller percentage of the commission than most agents do and they're happy to do this. They feel that you deserve a rebate when you are actively involved in the search process. Today's technology enables you to perform some of the groundwork traditionally provided by an agent. This frees the agent's time to focus on the part of the deal the agent does best: negotiating contracts & guiding you through to settlement.

17. How is this all free to me as a buyer?

Absolutely! The seller always pays the commission on a home you buy. A real estate agent never charges you, the buyer, for their services. That's why you pay the same price for a home whether or not you use a real estate agent: The seller usually has already agreed to pay the listing agent a fixed commission – Let's say 6%. So whether you buy the house by yourself or through an agent, the listing agent gets a 6% commission. Therefore, in most cases you cannot approach the seller for a discount, since the seller is paying 6% no matter what - either 6% to the listing agent, or a

split of 3% to the listing agent and 3% to your agent. (Remember, this is where we come in: we give you part of our commission in the form of a rebate).

Mortgage Frequently Asked Questions

1. What are Mortgage Fees?

The price of a mortgage loan is determined by the interest rate, points, origination and other fees. A point is a fee that equals one percent (1%) of the loan amount. Points may be paid to the lender, mortgage broker, or both at the time of settlement, when applicable.

Typically, you can pay fewer points/origination fees in exchange for a higher interest rate or more points/origination for a lower rate.

2. What is the Annual Percentage Rate (APR) on the Truth-in-Lending document?

The interest rate is the percentage rate at which a mortgage loan is repaid. The annual percentage rate (APR) takes into account the associated mortgage fees, along with the interest rate.

3. What are the various types of loans?

Loans may have either a fixed interest rate or a variable interest rate. Fixed-rate mortgages have the same principle and interest payments for the life of the loan. They can carry a term of 30, 20 or 15 years. Adjustable-rate mortgages (ARM) have a fixed rate for a specified number of years and then once matured, fluctuate in payment depending upon the terms stated for that particular program. The fixed period for an adjustable-rate mortgage can be 3, 5, 7 or 10 years. An ARM carries a lower interest rate and therefore, has lower payments. Both types of loans, fixed and adjustable, prove beneficial in different situations.

Other specialty loans include interest-only loans, whereby, for a specified amount of time, the monthly mortgage payment is only the interest portion of the payment. Typically, the fixed period can be 3, 5, or 10 years. After that period, they convert to principle and interest payments and carry an adjustable rate.

Other specialty loans may exist where a borrower can choose from four different payments each month in which to pay. The four different payments are as follows:

- **A minimum payment that carries a below-market interest rate. Ultra low payment**
- **An interest-only payment based on the fully indexed rate. Below-average payment**
- **A principle and interest payment amortized over a 30-year term. Average payment**
- **A principle and interest payment amortized over a 15-year term. Average payment**

4. What is a credit score?

A credit score allows a lender to help determine the creditworthiness of a borrower to repay the loan. The score is usually determined by choosing the middle score of the three different credit reporting bureaus. The higher the credit score, the better.

You can obtain a copy of your credit report by logging onto several websites offering the service. However, not all of them offer the actual credit scores. MyFico.com is a service that provides your liability information along with your credit scores.

5. How can I improve my credit score?

- **Timely payment of bills.**
- **Charging less than 50% of the total credit line on revolving credit.**
- **On any revolving credit, if you exceed 75% or more and don't pay it down, then you subject your score to being lowered by 20-40 points.**
- **Pull your credit twice per year to check for erroneous information.**
- *** Limit having your credit pulled by vendors to not more than 8 times within a 30-day period. Exceeding this limit, subjects your score to being lowered by 10-20 points.**
- **Do carry approximately 6 lines of credit - i.e. car, mortgage, and about 4 credit cards.**

Satisfy any collections and judgments as soon as possible. Be sure to receive a formal letter from the collecting creditor so that you can send it to all three credit reporting agencies. For judgments, be sure to receive a copy of the satisfied judgment from the court.

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*Rebate is available only to buyers who close escrow/proceed to final settlement with Crown Real Estate, A Division of Boutara Enterprises, Inc. acting as their sole and exclusive agent in the purchase of real estate in Colorado. The Rebate is valid only if the broker commission actually received at the close of escrow/settlement is 2.8% or greater. Occasionally, the seller and/or listing broker in a transaction will offer the broker representing the buyer a bonus or other additional incentive over and above the cooperating brokerage commission. Any such bonuses or other additional incentives are separate and apart from the cooperating brokerage commission actually received and buyer is not entitled to a rebate on any bonus or other additional incentive monies paid over and above the cooperative broker commission. **The cash back rebate is applicable to all homes and all final sales prices.** The Rebate will be paid or credited to the party or parties named as the "buyer(s)" or "borrower(s)" on the HUD-1 Closing Statement or equivalent official closing statement. All buyers must sign a Buyer's Representative Agreement and/or a Rebate Agreement before any rebate will be issued. This rebate program is only available where permitted under state and federal law and when not otherwise prohibited by the buyer's lender(s). There may be tax consequences to the rebate. If you need legal or tax advice, you should consult with the appropriate professional. Offer subject to conditions, limitations, exclusions, modifications, and/or discontinuation without notice.