

# Florida Property Investor? BEWARE!

Hello Buyer/Investors If you are thinking of buying property in vacation areas in Florida, particularly Orlando & Miami, BEWARE! I'm advising mainly European, British & Irish buyers as they are the main vacation home buyers. Agents commissions on these properties are horrendous. I've seen commissions starting from 7% and up to 10%. Therefore if you buy a \$300,000 home, its possible that \$30,000 of that will be commission. Standard commission in the U.S. is 3% each side of the deal. Therefore if you are selling a home you pay 3% to your agent (SELLERS AGENT) and 3% to the buyers agent. HOWEVER, if you are buying a new property there is only one side (BUYER) and it therefore should only be 3%. Therefore its possible that you could be overpaying on a \$300,000 property by \$21,000! This is sadly very true and it is very difficult to get the people from Europe to wake up , I have been trying to help people since 2003 and no matter how many times I tell people they are being ripped off , they still keep buying from these agents that promise them all sorts and then deliver hidden extra costs. **IS THIS ILLEGAL?** The answer is NO. What happens is you approach an agent and he/she helps you find properties that you are interested in. He will tell you that he is a BUYERS agent and he is solely looking after your interests. He/she will say that the cost to you is zero, that the builder/developer pays his commission. This is true and here lies the problem. If a builder is paying him 10% commission and you are paying him zero, who do you think he is looking after? Himself and the builder of course, you will be shown the properties with the highest paying commissions. Again this is a sad fact of agents wanting the best for themselves, That's why by being based in the UK I only want the best for my clients that are looking to buy . I have been emailed new house details and been offered fantastic commissions, I am always happy to look at my commission and I am very open with the information and as much as possible I will make it my top priority to save my clients money on any deal. My commission has even been as low as 1% and I will go lower if it means getting a client a better deal. **HOW TO AVOID THIS RIP-OFF?** When you are looking at properties ask the agent what is the commission on the property. If he talks around it and doesn't say ask him again. If he refuses to tell you.....RUN.....and I mean literally, you are going to get ripped off. If you close on a property in Florida you will see the commission on the Closing Statement or HUD Statement anyway, so you will find out at some stage. They may also tell you that the property will cost the same, for example \$300,000, whether you use them or not. This is also true, so bypassing the agent and going straight to the builder will not get you anywhere .Good point the good faith estimation will tell you who gets paid what , but you have to get close to closing the deal for that , **I prefer to be open and honest with people from day one. I have lost a lot of people by being brutally honest** , If its not the best deal for them , I tell them. Too many Europeans and especially British people read the property show mags and seem to think its 100% truth. Well all I will say is before you buy from anyone in the UK or EU please beware of all the facts before you pay for a service that will rip you off. **THE SOLUTION?** Talk to different agents and ask them if they will work for 3%. If you cant find any, email me and I will put you in contact with reputable CENTURY 21 real estate agent from any USA or CANADIAN area you are interested in

Then what happens is you purchase the property through the 3% agent for the same price, \$300,000, BUT, he will credit you back the balance of the commission in closing costs, which could be up to 7% or \$21,000 or you can ask your agent to negotiate upgrades on your property from the commission . This is not exactly true, what happens if the agent knows he can negotiate a better price for you? And that your interests are represented by just the one agent. i.e you have single agent representation. Then all the facts and commission should be agreed to before you sign any final contract. More importantly the client who knows how the REALTOR system works will be better served then the client who uses just any USA property seller who may not even be licensed and only gets paid by the selling agent by simply adding to the final cost of the property. In the UK this point is never talked about because so many so called UK based USA experts only get paid this way. **I know so many people that have been ripped off by this scam on international investors into Florida.** They prey on your lack of knowledge of how the real estate system works in the U.S. You think they are working for nothing, that the builder pays them. At the end of the day it comes out of your pocket. This is an excellent point and one which I 100% agree with.. Ignorance is bliss for those that make the easy money for doing little or nothing other then send a few emails!! Also beware of closing costs, most foreign investors end up paying their portion (BUYERS) and the sellers portion (SELLERS). This can be up to \$15,000, on top of the sales price. Have your agent negotiate that you only pay the BUYERS portion and no more. Also, it will cost you probably another \$1000 or so, but get a real estate attorney to read over all contracts and have the closing process go through them. It will be worth every penny. Opps don't We mean DOLLAR ... The use of a good legal team is essential to guarantee any property deal . In florida they may use Title companys the one thing to be aware of is to be sure you can have a choice and not be bullied into the selling agents choice. **AREAS:** The main areas where this rip-off is going on are around Orlando and Davenport (area close to Disney) particularly and anywhere close to Disney. Also beware of condos etc. in Miami. **DEVELOPERS/PROPERTIES:** Be very careful with an Irish developer (who shall remain unnamed but gets lots of publicity in Sunday Papers, Sunday Business Post etc.) that owns a US real estate agency not far from Disney World. You will not be shown one property with just 3% commission. This developer/estate agent also offers LEASEBACK PROPERTIES. This is where the developer signs a contract with the buyer to leaseback the property over maybe a two or three year period and will pay the buyer a monthly return. This is very attractive as it means the buyer does not have any rental or other worries for a couple of years. HOWEVER, in most cases the leaseback is included in the purchase price of the property therefore you are giving the developer the money so he can pay you back monthly over a two year period! WOW I have been trying to tell people this for the last 3 years and have been mostly ignored. Please email me or post replies if you have any other queries. I've seen agents making \$100,000+ per month on these excessive commissions. Dont let them STEAL your money. Please forward this page or make a link and send it to EVERYONE you may know that bought or is thinking of buying in Florida.