



What does a marketing package include and what are the costs of marketing property?

A: A **marketing package** is a collection of property information provided upon request to prospective buyers. The package contains information about the property known or available to the seller and their broker and agent. Included are:

- a transfer disclosure statement (TDS), the disclosure of the physical and environmental condition of the property;
- a home inspection report (HIR);
- a natural hazard disclosure (NHD) report;
- common interest development (CID) documents;
- a structural pest control (SPC) report and any clearance;
- a well water report;
- a septic tank report;
- an occupancy certificate;
- a local ordinance compliance report;
- an Annual Property Operating Data Sheet (APOD); and
- a rental income spreadsheet.

Information about the property needs to be given to prospective buyers *before* they enter into a purchase agreement with the seller. Prospective buyers need the fundamental property information in disclosures to make decisions about the value of the property and distinguish it from other properties they are considering.

When an agent meets with a seller to enter into a listing agreement, the discussion needs to include a review of the contents of a complete marketing package required to properly induce a buyer to purchase the property. The seller's agent provides the seller with an *advance cost sheet* itemizing the reports and activities needed to market the property, including estimates on the costs of third-party reports. The seller signs the cost sheet, to authorize the agent to request informational reports from third-party service providers.

The seller may choose when they want to incur the *expense of third-party reports*:

- **at the time** of the listing, so reports are delivered before the seller enters into purchase agreement with a prospective buyer, which will limit buyer claims about the property's condition; or
- after entering into a purchase agreement with a buyer, which may result in a request for repairs, a renegotiated price or cancellation if the buyer discovers defects previously undisclosed.

Further, a seller may choose *how* to pay for the cost of the reports on the advance cost sheet. The seller may opt to pay the charges directly to the third-party vendors once billed, which the agent coordinates with the vendors. Alternatively, the seller may make a check for the estimated cost of reports payable directly to the broker. The broker holds the payment in a trust fund account and pays the charges from the deposit when billed by service providers.