



The Voice of Real Estate in North Carolina

## Buyer Letters and Fair Housing Laws

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**QUESTION:** My client recently lost out in a multiple offer situation for a home. Before the seller made their decision, the listing agent informed me that both offers were close. When I approached the seller's agent afterward to ask why my client's offer was not chosen, the seller's agent informed me that the winning buyer penned a heartfelt "Buyer Letter" to the seller.

Do Buyer Letters constitute a violation of the federal Fair Housing Act? If not, should I include a Buyer Letter with offers I make in the future?

**ANSWER:** Under the federal Fair Housing Act and North Carolina's State Fair Housing Act, it is unlawful to discriminate against any person in a real estate transaction based that person's race, color, religion, sex, handicap, familial status, or national origin.

In your question, we cannot tell whether a fair housing violation has occurred without knowing more facts. For example, if the seller decided to contract with the competing buyer because the Buyer Letter stated that the competing buyer was from Canada, the seller's beloved home country, then the seller could be in violation of fair housing laws. On the other hand, if the seller chose the competing buyer because the competing buyer promised to hug and kiss all the trees in the backyard everyday, then the seller would not be violation of the fair housing laws.

*These examples show that not every Buyer Letter will lead to a violation of the fair housing laws, but before you start submitting a letter from your clients with every offer, be aware that you and your client need to be careful.*

Fair housing laws prohibit "blockbusting," which is the practice of a buyer or buyer's agent using fear to induce a seller to sell their home. To avoid this pitfall you would want to make sure that your Buyer Letter did not indicate or hint to the seller that if he or she did not sell you the house that other undesirable persons might move into the neighborhood. You also need to be aware that even if you and your client have done nothing wrong, a Buyer Letter could jeopardize the transaction. If the U.S. Department of Housing and Urban Development received a complaint from another buyer about your Buyer Letter, HUD could stop your transaction immediately and investigate.

As your question demonstrates, there are some circumstances where a Buyer Letter may be beneficial to you and your buyer. Just be sure to carefully weigh those benefits against the risks before you advise your client.

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