

## Staging Properties

Whether it's in the interest of getting listings or just providing good customer service, staging properties has become increasingly commonplace. Staging can be done in different ways, but generally refers to preparing the home to look its best for photographs, videos and showings. When staging is to be done, there are certain issues that brokers should be aware of when they offer staging services to their clients:

### **Purchase Agreement and Escrow Considerations**

Paragraph 9B(2) of the California Residential Purchase Agreement and Joint Escrow Instructions (C.A.R. Form RPA) lists certain items as automatically included with the sale of the property. Some of those, specifically window coverings, "which includes blinds, curtains, drapery, shutters or any other materials that cover any portion of the window," could be a part of staging materials. Ceiling fans and water features/fountains are also automatically included, as are air conditioners, awnings, pool nets and pool cover or fireplace inserts, gas logs and grates. A buyer viewing staged property may not know whether items, such as those listed above that exist at time of showing, are owned by seller or placed by others as part of staging the home. The buyer could contractually expect them to be part of the sale.

To help address this issue, the final sentence of Paragraph 9B(2) reminds Sellers (and their agents) of the importance of excluding any items referenced in the contract that are not actually owned by seller:

Note: If Seller does not intend to include any item specified as being included above because it is not owned by Seller, whether placed on the Property by Agent, stager or other third party, the item should be listed as being excluded in paragraph 3P or excluded by Seller in a counteroffer.

### **Virtual Staging and Risk of False Advertising**

In recent years, a new type of staging has started taking place. Often referred to as "virtual staging," this is the practice of digitally inserting, or deleting, furniture and other items into photographs or videos of the property for marketing purposes to help a buyer envision what the property could look like. The advantage of virtual staging is that you can avoid all the issues addressed above – the items are not actually in the property, so you don't have to worry about them being moved in or out of the property, or buyers wanting them included with the sale. But other issues may apply.

Realtors need to use caution and not engage in false or misleading advertising when using virtual staging in their marketing. Digitally changing furniture or fixtures is one thing, but the property itself, inside or outside, or the view, should not be digitally altered in any way that could mislead a potential buyer – without a clear, explicit, warning or notice about the alteration. For example, "Here is what the yard could look like with all brush and debris removed." Remember, Article 12 of the NAR Code of Ethics states that "REALTORS® shall be honest and truthful in their real estate communications and shall present a true picture in their advertising, marketing, and other representations."

### **Charging Clients for Staging Services**

Some brokers include staging services as part of their listing package, while other brokers may charge extra for it as an optional, add-on service. Either way, the services to be rendered and the amount to be paid (if any) should be agreed upon in writing. Any special considerations – such as what happens if the listing expires or is canceled without the property ever being sold – should be addressed in the agreement as well.