

The Key to Working with Multicultural Buyers & Sellers

Description



As the owner of Advantage Settlement, Inc. in Falls Church,

Virginia, I have served the Virginia, Maryland, and Washington DC area since 2001, and have always had a diverse clientele. I have grown my business by learning, understanding, and respecting the needs of different cultures. I'll share with you some differences you will face when doing business with multicultural consumers, as well as a couple of procedural considerations to keep in mind when insuring titles and conducting settlements.

According to a [Nielsen Consumer Report in 2015](#), multicultural consumers are the fastest growing segment of the U.S. population. Already over 120 million strong and increasing by 2.3 million per year, multicultural populations are the growth engine of the future in the U.S. Hispanic-Americans, African-Americans, Asian-Americans, and other multicultural groups make up 38 percent of the U.S. population, with Census projections showing that multicultural populations will become a numeric majority by 2044. Due to projected population growth and increasing education levels among multicultural groups, they are poised to become the country's super-consumers. The top 10 percent of a category's household consumers—the "Super Consumers"—are the ones who can drive at least 30 percent of sales, 40 percent of growth and 50 percent of profits. They are product enthusiasts, fueled by an emotional and very often a cultural connection. [1] The opportunity to serve this market is greater than ever.

Working with multicultural home buyers and sellers is not intimidating if you are mindful of important cultural differences, customs, and preferences. Following are some of the observations I have made through my experience.

Buying a home is often a family effort with multicultural buyers. All of the adult family members may be actively engaged in the process and will provide advice and support to the buyer. The opinions of elder family members are heavily considered and held in very high regard. Not only are the elder members possibly contributing financially to the purchase, but they may also live in the home. Multi-generational households are very common in multicultural communities. First generation families may not be fluent English speakers. However, due to close-knit family structures, there is typically one family member that can help translate. The younger generation in each household is usually proficient in English and technology. So, do not hesitate to use technology to communicate with your client.

For many Asian buyers, Feng shui principals are often important in choosing the home. The home must have good energy. The energy of the home may be determined by the direction the house is facing, the house number, or prior history of the house. This also comes to play at the time of settlement because

within Asian communities, certain days of the week or dates of the month are not good days for closing due to cultural beliefs. Your clients may also work long hours or multiple jobs and do not view the purchase of a home as a valid reason to request time off from work; therefore, it is important to be flexible with the date and time of closing to accommodate any cultural beliefs, as well as their work schedule. Some clients may prefer to work with professionals from outside their culture for privacy reasons. Like with any client, in order to gain their trust, you must be competent and professional. Once you earn their trust and confidence, multicultural clients will continue to come back and refer their family members to you.

Negotiation is an important part of transactions in some cultures. The client is not trying to be disrespectful to your business by negotiating, but is simply approaching their transaction as they would in their home country. You can decide how you want to handle this situation, but do not take it personally and always emphasize the value you bring to the transaction.

When insuring properties involving multicultural buyers and sellers, pay close attention to the use of Powers of Attorney. Make sure it is being used for a legitimate reason and is not self-serving. Confirm that the documentation is current, durable, and specific to the transaction, and in the proper recordable form (including a translation, if necessary). What may be a customary practice in another country may not be acceptable in the U.S. when it comes to insuring a transaction. Explaining differences to the parties involved when this occurs is important, so the buyers and sellers understand the basis for any requirements they must meet.

Foreign sellers can also pose a challenge in determining whether they are subject to Foreign Investment in Real Property Tax Act (FIRPTA) requirements. If so, you will need to follow proper guidelines to withhold 15 percent of the proceeds to comply with the IRS. Failure to do so could make you liable for the tax.

No matter the client's ethnicity, education is essential so the client has the knowledge and understanding needed to make important decisions, including the purchase of an owner's title insurance policy and the different coverages provided by the enhanced policy versus a standard ALTA owner's policy. In addition, you have the responsibility of helping the client understand the settlement process and what to expect at each stage of the process. I have been able to help educate consumers by communicating directly with them, and also with the aid of educational materials available in various languages, such as the [materials](#) First American Title Insurance Company has developed specifically for multicultural consumers.

Working with different cultures can pose some unique challenges. But, once you take the steps to understand and respect cultural differences, you will find the interaction and relationships you develop to be very rewarding and valuable to your business.

[1] <http://www.nielsen.com/us/en/insights/news/2015/the-making-of-a-multicultural-super-consumer-.html>

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Category

1. Settlements

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