

Rehava, a one-stop real estate shop

By Glenn_Roberts
Created 08/28/2008

It's no coincidence that rehava, a real estate company that offers rebates to buyers and flat-fee services to sellers, chose to open in a retail mall in South Carolina.

Rehava (pronounced REE-haw-vah) offices are intended to operate much like typical retail shops in offering real estate brokerage, mortgage, home insurance and legal services, said Steven DeGuzman, the company's founder and broker in charge.



The company's first office, in Charleston, S.C., shares a building with a Starbucks Coffee shop.

"Like a clothing store -- you're not just going there for pants," said DeGuzman, who has retail management experience working with the Hooters chain and also has worked in residential and commercial real estate.

"The whole premise is: one-stop shop. I saw how all the pieces of the real estate transaction were disconnected. Why not put together a retail environment to offer real estate, mortgage and insurance?" he said.

The rebate model is a relatively new concept in South Carolina -- state law prevented real estate brokers from paying out rebates to consumers until the state Legislature changed that law in 2006.

But many aspects of the company's business model are not new to the industry: There are several examples in the industry of brokerage companies that offer flat-fee services to sellers and rebates to buyers, and those that have relationships with a range of service providers such as mortgage, title insurance, home insurance and closing services, for example.

Rehava offers its buyer clients a 50 percent rebate on the commission received by the company if clients purchase a home while they are under contract with the company and meet other conditions.

Buyer clients must be preapproved for a loan with any of the company's mortgage partners, for example, though they do not ultimately need to choose to secure financing through those companies to receive a rebate.

For sellers, the company offers listing services for a flat fee of \$3,000, plus the amount of commission the seller decides to offer to the buyer's broker.

That differs from the more traditional commission arrangement in which sellers pay a percentage of the home's selling price to the listing brokerage company -- typically ranging from 5 percent to 7 percent,

though this can vary -- and the listing company offers a portion of this commission to the brokerage company that is working with the buyer.

DeGuzman said he expect rehava buyers to do some home-shopping on their own, and buyers must be pre-approved for a loan in order to schedule a tour with a rehava agent "to make sure you're not just kicking tires," DeGuzman said.

Rehava provides four hours worth of home tours as a part of its standard services for buyer clients and charges \$225 for the next four hours -- similarly, brokerage company Redfin charges a rate for tour time above a certain level.

Buyer and seller clients are required to enter into six-month contracts to work with the company. If a seller's home does not sell within the first six months, DeGuzman said the company will not charge more to list the home for another six months.

Unlike most real estate brokerage companies, rehava's agents are employees who receive a regular salary of \$30,000 per year and get additional pay based on customer service survey scores -- not unlike the model that Redfin -- a high-tech and low-cost brokerage company -- uses with its agents.

The company, which launched in July, now employs six agents, said DeGuzman, which he refers to as Client Advocates. The company's closing coordinator is dubbed a "closing concierge."

Rehava has a joint venture agreement with First Financial Services, a bank based in Charlotte, N.C., to offer mortgage preapproval services for rehava clients. The company also has a partnership with a local law firm that its clients can choose to use, as state law requires that lawyers oversee the closing of real estate transactions.

Since opening up, the company has closed five transactions and has another five transactions scheduled to close next month, DeGuzman said.

A Charleston native who began working in residential real estate in Charleston seven years ago, DeGuzman said he believes rehava has the potential to be a national franchise brand. The company is in the process of opening up a second rehava office in the city.

He said he believes existing real estate brands could open up a rehava shop while separately maintaining their own company brand and identity.

The Charleston-area housing market is slow right now -- the slowest it has been since 2001, he said, though he hopes that the slowing environment will drum up business among those sellers and buyers seeking to save money in real estate services.

There have been some "massive price drops" in home values in the area, particular for some of the high-end homes, he said, adding that the restrictive financing environment and scheduled elimination of down-payment-assistance programs will undoubtedly shrink the pool of potential buyers.

He said he expects the worst part of the slow market in the final quarter of this year and first few months of next year -- "I don't think you're going to see anything good happen (in the housing market) until 2010," he said.

DeGuzman said his company's business model has created confusion for some other industry participants, as real estate rebates to consumers are still a relatively new concept in the state.

He previously worked at Sandlapper Real Estate Group in Charleston (now a part of Coldwell Banker United, Realtors), and worked to offer incentives for consumers that did comply with state law when the rebate restrictions were in place. For example, he said, he would offer to cover the cost of a home warranty for buyers.

In addition to its discount model, the company also promotes its Web site and Web services -- and offers interactive map-based property-search tools for consumers and an online customer management system for its agents.

As for the name rehava, DeGuzman said it's a play on the "re" in rebate and "hava" is like "have a."

What's your opinion? Leave your comments below or send a [letter to the editor](#) [1]. To contact the writer, click the byline at the top of the story.

Copyright 2008 Inman News

Source URL: <http://www.inman.com/news/2008/08/28/rehava-a-one-stop-real-estate-shop>

Links:

[1] <http://www.inman.com/opinion/letter-to-editor>