

Mortgage Times

Hiring a Buyer's Agent

Agency FAQs and Myths

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Any real estate agent can sell you a home, but a good buyer's agent can offer advice on every aspect of your purchase, including details about realistic pricing and negotiation strategies. A seller's agent must disclose facts about a home, but cannot offer advice to help you negotiate a better deal. Here's a quick look at agent duties.

Buyer's Agent

- Agent's duty is to get the best possible price and terms for the *buyer*.
- Agent must disclose all material facts about property (bad roof, plumbing problems, etc.)
- Agent should disclose personal facts that indicate sellers will accept a reduced price (such as impending divorce, foreclosure, etc.)

Seller's Agent

- Agent's duty is to get the price and sales terms sought by the *seller*.
- Agent must disclose the same material facts.
- Agent cannot disclose personal information about sellers without permission.

So how do you find a good buyer's agent? Let's get past a few myths first, then we'll look at agents.

Myth #1: When you want to see a house, you'll get the best deal if you call the real estate agency and agent who listed it.

That may not be your best approach if you want buyer representation. You see, those folks work for the *seller*. They are duty-bound to get the best deal for the *seller*. If agencies in your area work under a Multiple Listing Service (MLS) arrangement, *any* office can show you *any* property.

The Bottom Line? If you contact the listing

agency, don't give them confidential information until you determine if someone in-house can truly act in your best interests.

Myth #2: I can't afford to pay a buyer's agent.

You probably won't have to. Agencies usually share the seller's commission at closing, no matter whether an agent represents the seller or the buyer. Your buyer agency agreement should spell out exactly how a real estate agent will be compensated.

The Bottom Line? Ask your agent if there are possible scenarios where you would owe a commission (if you buy a for sale by owner, if the other agency doesn't share commissions, if you buy a home in another area).

Myth #3: Agents who list houses can't be objective buyer's agents.

Not so, there are plenty of listing agents who can and do represent buyer interests. A good agent will tell you if they have connections with a seller that make it difficult to represent you adequately.

What if the agent wants you to sign a buyer agency contract on the very first day, before you even look at houses? Not a great idea. What if the agent doesn't follow-through after the first day? What if the two of you don't get along? What if the agent can't seem to understand what you're looking for? It's just my opinion, but I think you need a little more time to get to know one another before you commit to an agency agreement.

The Bottom Line? Weigh your options.

- Maybe it would be best to allow the agent to work as a seller's agent until you're sure about the relationship.
- Perhaps the agent would sign a buyer agency agreement that lasts just a few days.
- Or how about a non-exclusive agreement, which makes the agent your buyer representative but doesn't tie you down to that agent exclusively?

So how do you find a great agent?

- Ask your friends for recommendations.
- Don't grill an agent with pat questions.

Having a real conversation is a much better way to find out if your personalities match.

- If an agent exerts more pressure than you're comfortable with, move on.
- An agent should pay attention to what you say about your needs and wants.
- An agent should be responsive to calls or emails.
- An agent should take time to answer your questions.
- Experienced buyer's agents can offer many insights, but don't discount a new agent. They usually aren't working with as many clients, so they have a lot more time to spend with each one.

Signing An Agency Agreement

A buyer agency agreement is a legal contract between you and the agent. Make sure you understand every clause of the contract before you sign.

- Will the agent be paid from the seller's commission at closing? Are there instances when that wouldn't happen? For instance, will you owe the agent a commission if you decide to purchase a for sale by owner home?
- Is the contract an exclusive agreement, binding you to that agent only, or a non-exclusive agreement, which allows you to work with other agents?
- How long does an exclusive buyer agency agreement commit you to working with that agent?
- How will the agent represent you if you decide to make an offer on one of her own listings or a listing within her office?
- Does the agency agreement cover any real estate you purchase, or only a specific type?
- Is the agreement specific to one city or county, or does it cover real estate purchased in any area? (You might want to work with multiple agents if you cannot find one who is familiar with all areas you are considering.)

A buyer agency agreement is negotiable. If you are uncomfortable with the effective dates or any clause requested by the agent, say so, and ask the agent to work with you to develop an agreement you are both happy with.