

WHO'S WATCHING OUT FOR YOU?

WHAT YOU MAY NOT KNOW ABOUT WORKING WITH A REAL ESTATE AGENT

There are agents, and then there are agents. Yes, it sounds confusing. That's because the term "agent" is often used in a casual manner, referring to any real estate practitioner.

But agent also refers to someone with whom you've established a formal agency relationship—someone who represents your best interests in a real estate transaction and owes you fiduciary responsibilities. Agency relationships are usually established in writing with buyer agency agreements, and require:

- loyalty
- obedience
- disclosure
- confidentiality
- reasonable care and diligence
- accounting

Depending on the laws in your state, you may find yourself working with someone who is actually negotiating for the seller, not you the buyer. The best way to be certain your interests are being considered and protected is to sign a buyer agency agreement with an agent who is well trained in representing buyers, which clearly establishes client-level services and spells out what services you can depend upon.

Are you buying through the listing agent or do you have your own agent?

Services will vary, depending on your agency status*

Listing agent or Seller's agent will :

Maintain loyalty to the seller's need

Tell the seller all that they know about you

Keep information about the seller confidential

Focus on the seller-client's property

Provide just the material facts

Only provide price information that supports the seller's listing price

Protect the seller

Negotiate on behalf of the seller

Attempt to solve problems to the seller's advantage and satisfaction

Buyer's agent will:

Pay full attention to your needs

Tell you all that they know about the seller

Keep information about you confidential

Focus on choices that satisfy your needs

Provide material facts as well as professional advice

Provide price counseling based on comparable properties and their professional insights

Protect and guide you

Negotiate on your behalf

Attempt to solve problems to your advantage and satisfaction

* This chart is for general illustration purposes only. Agency laws vary by state; and specific terms of individual agency contracts will vary from one agent to another.

THE BIRTH OF BUYER AGENCY REPRESENTATION

For many years, real estate was practiced in such a manner that agency relationships were only extended to sellers. Any real estate agent who brought a buyer to the table was actually working as a sub-agent to the seller.

This all began changing in the 1980s, when buyer agency started gaining momentum in residential transactions to protect the interest of the buyer.

In some states dual agency where the listing agent represents both seller and buyer is illegal.

WHAT THE MEDIA SAYS ABOUT EXCLUSIVE BUYER REPRESENTATION?

“Buyers no longer have to fend for themselves” – U.S. News & World Report

“What’s more, Buyer’s-Brokers are more apt to point out any flaws they see in the homes they show. I really got the feeling he was working for me.” – MONEY Magazine

“In fact, the law prohibits traditional brokers from negotiating anything that would cost the seller...” Steve Brobeck of the Consumer Federation of America feels that brokers who represent buyers exclusively are the best way to go.” – Good Morning America

“Exclusive buyer’s brokers work only with buyers and don’t take listings. They are obliged to help you find the best deal and lowest price...” – Kiplinger’s

Kiplinger’s interviewed Charles Ward, a Houston lawyer, who chose an Exclusive Buyer’s Broker because even though he negotiates all the time he said he didn’t know how to negotiate a real estate deal. “Traditional agents owe their allegiance to the seller which means you could find yourself without negotiating help when you most need it. Find an agent who works for you. Most work for the seller, so be careful what you say...” – Kiplinger’s Personal Finance

“In fact the differences are crucial. A broker who works for the seller is duty bound to negotiate the highest possible price for the property.” – Agency Law Quarterly

“To command an Agent’s undivided loyalties, hire your own.” – Kiplinger’s

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