

Homebuyers - Working With an Agent

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The following addresses common homebuyer questions regarding real estate services.

What Value Does a Buyer Agent Bring?

True professional buyer agent services extend beyond the mechanics of pulling listings, opening lockboxes and handling the “paperwork.” In the context of a broker-*client* relationship (discussed below), an agent with exceptional integrity, competency and negotiating skill will help ensure that you purchase the best home on the best possible terms.

How is a Buyer’s Agent Paid?

A typical *Listing Agreement* commits the seller to pay a full commission (usually 6%) to the listing agent upon the sale of the home. Through a *Cooperative Brokerage Agreement*, the listing agent agrees to pay the buyer agent a share of this commission (usually 3%). Note that the buyer agent is paid by the listing agent, not by the seller.

Can I Save Money by Not Having a Real Estate Agent?

Many homebuyers believe that, by not having an agent, they can negotiate a lower purchase price. As noted above, at the time of listing, the seller commits to paying a full commission upon the sale of the home, whether or not there is a buyer agent. The seller, therefore, does not save money, and is not in a position to reduce his price, simply because you have no agent.

As a buyer, forgoing agent representation puts you at a disadvantage in terms of market knowledge, access to homes, transaction experience and protection of your interests, while the commission that would otherwise pay your agent stays in the hands of the listing agent.

Should I Work With Multiple Agents?

Through the MLS, co-op brokerage agreements and the lockbox system, any agent can show you any home listed for sale. It is wise to interview several agents and commit to working exclusively with the one offering the highest integrity, the greatest competency and the most experience. The best agents will work with you only on an exclusive basis under an Agency Agreement (discussed below).

When is an Agent My Agent?

Among the most important concepts in real estate is that of *agency representation*. Unfortunately *agency* is largely misunderstood by most real estate agents and consumers. As a homebuyer, understanding the extent, if any, to which an agent represents your interests is critically important in searching for and purchasing a home.

In Georgia, a brokerage firm, through its agents, works with homebuyers in either a *customer relationship* or in a *client relationship*. Only in a client relationship is an agent required to represent your interests as your agent. A client relationship (also known as an *agency relationship*) can be established only by a written *Agency Agreement*. Absent an Agency Agreement, you are merely a *customer* of the agent and you should assume that the agent is simply focused on selling you a home.

To What Extent Does My Agent Represent My Interests?

The traditional concept of *agency* imposes upon an *agent* a strict *fiduciary* duty to promote and protect solely the client's interests, and to avoid all conflicts of interest. Georgia brokerage law, however, substitutes this traditional legal standard with a non-fiduciary *pseudo-agency* standard that benefits real estate brokerages and agents at the expense of consumers. Therefore, even in a client relationship, Georgia law permits your agent to legally engage in certain [self-serving practices](#) that are in conflict with your interests. Although free to adopt traditional fiduciary agency standards, virtually all full-service real estate brokerages, other than Sage, operate under the Georgia's pseudo-agency standard.

Sage adopts a [True Agencysm](#) standard of client service – traditional fiduciary agency standards that avoid the self-serving practices and conflicts of interest permitted under Georgia law. Sage is the only Atlanta brokerage that adopts True Agency.

Should I Sign a Buyer Agency Agreement?

A broker-client relationship, along with an agent's duty to promote your interests, is established with a written Agency Agreement. If an agent does not offer an Agency Agreement, you should assume that he/she seeks to avoid a client relationship and work with you as a customer.

Virtually all Atlanta brokerage firms adopt the Georgia Association of Realtors (GAR) *Exclusive Buyer Brokerage Agreement* form. While it establishes a broker-client relationship, the GAR form incorporates only the limited representation standards required under Georgia Law. The GAR form Agreement allows your agent to engage in conflicts of interest and self-serving practices, potentially to your detriment.

Sage only works with homebuyers as *clients*. Our *Buyer Agency Agreement* form incorporates our unique [True Agencysm](#) standard of *client* representation – traditional fiduciary agency standards that avoid the self-serving practices and conflicts of interest otherwise permitted under Georgia law. We encourage prospective clients to compare our form Buyer Agency Agreement with the GAR Exclusive Buyer Brokerage Agreement form.

Agent Relationship Summary

Working Without an Agent – The listing agent on any property has a *client relationship* with the seller and, therefore, a legal obligation to represent the seller's interests, not yours.

Working With an Agent – The extent to which an agent you are working with is required to promote your interests is dictated by whether or not you are a *client* under a written Agency Agreement, and the terms of that Agreement.

No Agency Agreement – You are merely a *customer* of the agent. The agent has no legal obligation to promote your interests. The agent's role is simply to sell you a house.

GAR Form Agency Agreement – Although you are a *client*, the agent's obligation to promote your interests is limited to the Georgia *pseudo-agency* standard – your interests are compromised.

Sage Agency Agreement – We represent your interests to traditional agency law standards, avoiding the self-serving practices and conflicts permitted under Georgia law and the GAR Agency Agreement.