

Six Things to Look For in a Buyer Agent

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Purchasing a home is among the most important lifestyle and financial steps most people will take; a step with long-term implications. A skilled agent, committed to representing your interests, will help you avoid mistakes and enable you to capitalize on the opportunities available in the market. Moreover, he/she will give you confidence as you proceed through the home search and purchase process.

Knowing what to look for will help you make the best choice in selecting a buyer agent. There are six key things to consider when interviewing agents:

- 1. Is the Agent a Real Estate Professional?** – A real estate license is relatively easy to obtain; merely having a license does not make someone a real estate professional. A real estate professional is actively engaged with the market, consumers and other real estate professionals day-to-day. He or she has education and/or experience-based knowledge in various real estate disciplines. Most importantly, a professional is not focused on self-promotion, but on providing clients with competent advice, quality service, and dedicated representation.
- 2. Does the Agent Understand the Market and Property Values?** – Complete, accurate and current market knowledge empowers you to choose the best home and purchase it at the best price. The better your agent understands the relevant market, the property and the seller's circumstances, the stronger your negotiating position, the better your results and the greater your resale potential. Knowledge regarding sales comparables, competing properties, market trends and consumer preferences comes from both experience, and strong research and analytical skills.
- 3. Is Quality Broker Support Readily Available to the Agent?** – A real estate agent works under the guidance of a licensed real estate broker. Brokers have advanced training and experience in real estate law, contracts and transaction management. The level and quality of broker support available to an agent can impact the competency of advice you receive from that agent. Most real estate companies have a large number of agents (often dozens) under a single broker. The higher the agent-to-broker ratio, the less access any individual agent has to broker support. In interviewing agents, ask about the firm's agent-to-broker ratio, the broker's professional background and the support that will be available to the agent while working with you.
- 4. Does the Agent Offer a Buyer Agency Agreement?** – In Georgia, a brokerage firm, through its agents, works with homebuyers in either a broker-*customer* relationship or in a broker-*client* relationship. Only in a broker-client relationship is an agent required to represent your interests. A broker-client relationship can be established only by a written *Agency Agreement*. Absent such an agreement, you are merely a *customer* of the agent and should assume that the agent's objective is simply to sell you a house, with no obligation to protect your interests. Virtually all Atlanta brokerage firms (other than Sage) adopt the Georgia Association of Realtors (GAR) *Exclusive Buyer Agency Agreement* form. While it is to your benefit to have an agency agreement, it is important to understand that the GAR form only requires your agent to represent you to the minimal non-fiduciary standard required under Georgia law (see 5 below).

5. Does the Agent Offer *Fiduciary Agency*? – Traditionally, *agency* is a *fiduciary* relationship – one of uncompromised trust in which the agent is strictly bound to represent solely the interests of the client. Georgia law imposes only minimal, non-fiduciary client representation standards, sanctioning certain self-serving agent practices that conflict with client interests. While brokerages are free to adopt a fiduciary agency standard, very few do so. Sage adopts a fiduciary agency standard through [*True Agency*sm](#) client representation. In interviewing an agent, ask if the agent's firm practices fiduciary agency and ask to review its Buyer Agency Agreement. Specifically, ask the following:

- **Do You Avoid *Dual Agency* and *Designated Agency*?** *Dual Agency* occurs where an agent has a *client* relationship with both the buyer and the seller in the same transaction. *Designated Agency* occurs where, in a particular transaction, one agent affiliated with a brokerage firm has a client relationship with the seller, and another agent with the same firm has a client relationship with the buyer. Despite the conflict of interest, dual agency and designated agency are regularly practiced in the Atlanta market, particularly among the larger brokerage firms. Fiduciary agency prohibits the practice of dual agency and designated agency.
- **Will You Show Me All Homes Meeting My Criteria, Without Bias?** – Georgia law permits an agent to steer a client toward listings that pay the agent a higher commission percentage or a selling bonus (see below). Many agents avoid showing *limited service* listings and most avoid *by-owner* homes. Fiduciary agency requires your agent to show you all homes meeting your criteria and to advise you without regard to the agent's personal interests or bias.
- **Will You Disclose and Pay to Me Any Excess Compensation?** – Georgia law does not require an agent to disclose to his/her buyer-client the commission the agent will receive from the client's home purchase. The typical buyer agent commission share in the Atlanta market is 3%. To the extent your agent is offered compensation above a 3% commission on a home that you are considering, he/she can not advise you objectively in your purchase decision. Further, to the extent your agent is compensated above the customary 3% commission, you are, arguably, over-paying for the home to cover your agent's excess compensation. Fiduciary agency requires your agent to disclose and turn over to you any compensation above a 3% commission share.

6. How Strong are the Agent's Contract and Transaction Skills? – Purchasing a home is a serious legal and financial transaction. Skillful contract negotiation and transaction management can save you thousands of dollars, promote your interests, shield you from liability and ensure a smooth closing. In interviewing an agent:

- Consider the agent's deal savvy, knowledge of contracts and negotiation skills
- Consider the extent to which the agent is committed to negotiating the best possible price and terms for you. Does the agent's firm adopt a fiduciary representation standard?
- What access will the agent have to broker support in deal strategy and contract review?

Knowledge empowers you to make the best choices in real estate services