

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 real estate services extend beyond simply finding and showing homes. In a broker-*client* relationship (discussed below), an agent's integrity, competency, negotiating skill and strategic savvy help her client purchase the best home on the best possible terms.

How is a Buyer's Agent Paid?

The typical *Listing Agreement* commits the seller to pay a full commission to the listing agent upon the sale of the home. Through a *Cooperative Brokerage Agreement*, the listing agent pays the buyer agent a share of this commission. If there is no buyer agent, the listing agent is entitled to the full commission.

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, the seller commits to paying a full commission upon listing the home. The seller, therefore, does not save money, and is not in a position to reduce his price, simply because you have no agent.

A listing agent is legally obligated to promote the interests of the seller. As a buyer, forgoing an agent 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 pay your agent goes to the listing agent.

Should I Work With Multiple Agents?

Through the multiple listing service, cooperative brokerage agreements and lockbox access, any agent can show you any home listed for sale. A good strategy is to interview several agents and work exclusively with the one exhibiting the best combination of integrity, competency and experience. Strongly consider the benefits of a *Buyer Agency Agreement* (discussed below).

To What Extent Does an Agent Represent My Interests?

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

Under traditional *agency law*, an *agent* has a strict legal duty to promote and protect her *client's* interests, and to avoid all conflicts of interest. Georgia law dilutes traditional agency concepts for the benefit of real estate brokers and agents and to the detriment of consumers.

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 and promote your interests as your *agent*. A broker-*client* relationship (an *agency relationship*) can be established only by a written *Agency Agreement*. Absent such an agreement, you are merely a *customer* of the agent and you should assume that she is simply focused on selling you a home.

Beware! Even in a broker-*client* relationship, Georgia's version of *agency* law permits your *agent* to engage in certain self-serving practices that are in conflict with your interests. These include practicing *dual agency* and *designated agency*, steering you toward (or away from) homes based on your *agent's* personal objectives, and accepting bonuses or excess compensation without your knowledge.

Sage Real Estate Advisors adopts a [True Agencysm](#) standard of client service – traditional *agency* standards that avoid the self-serving practices and conflicts of interest permitted under Georgia law.

What Are Dual Agency and Designated Agency?

Dual Agency occurs where one real estate 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 legal and regularly practiced in the Atlanta market, particularly among the larger brokerage firms.

Sage Real Estate Advisors does not engage in *dual agency* or *designated agency*. We check for conflicts of interest prior to accepting a new seller or buyer client.

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 encourage an *Agency Agreement*, you should assume that she wishes to avoid the obligations of a *client* relationship, and to work with you as merely her *customer*.

Virtually all Atlanta brokerage firms adopt the Georgia Association of Realtors (GAR) *Exclusive Buyer Brokerage Agreement* form. While it establish a broker-*client* relationship, the GAR form incorporates only the minimal *agency* standards required under Georgia Law. It permits your *agent* to engage in *dual agency* and *designated agency*, as well as other self-serving practices, potentially, to your detriment.

Sage Real Estate Advisors only works with homebuyers as *clients*. Our *Buyer Agency Agreement* form incorporates a unique [True Agencysm](#) standard of *client* representation - traditional *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 side-by-side.

Agent Relationship Summary

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

Working With an Agent – The extent to which your agent is required to promote your interests is dictated by whether you are a *customer*, or a *client* under a written Agency Agreement, and the form of that Agreement.

No Agency Agreement – You are merely a *customer* of your agent. She 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* of your *agent*, her obligation to promote your interests are limited to the Georgia law standards– your interests are potentially compromised.

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