

Questions And Answers

QUESTIONS WE'VE HEARD.....

Having practiced "Exclusive Buyer Brokerage" for a considerable period, we've heard most of the appropriate questions. This is an accumulation of some of them, and our responses:

ARE YOU REALTORS?

Yes! Licensed by all regulatory authorities, belonging to as many Multiple Listing Services as possible, and simply practicing a legal and ethical alternative to traditional practice.

WHAT KIND OF BUYERS CAN BEST USE BUYER BROKERAGE?

While all kinds can be benefited, business and military transferees and first time home buyers can benefit the most, because they are the most vulnerable to problems of non-representation and need all the help they can get in a new home town.

WHAT KINDS OF PROPERTIES ARE AVAILABLE THROUGH BUYER-BROKERS?

Everything that is formally listed and available through all local Multiple Listing Services for starters, but much more! We also support the purchase of "For Sale By Owner" homes, homes custom built by selected contractors, and we usually have a list of homes not on the active market but still available. Also, several good listing-agents in town give us early notice of new listings, so we actually have far more inventory available than the MLS alone!

DOES IT COST MORE TO HIRE A BUYER BROKER?

Almost always, NO! In the case of properties formally listed, we create paper work to claim the same fee that was offered to "subagents" in the traditional system, while disavowing all obligations to the seller; the fee is therefore already built into the price. This now accepted practice keeps the fees in the purchase price, important for appraisal and financing purposes. So we usually claim half of the total listing fee, which half in this market ranges from 2.5 to 3%. So it costs no more to have representation than to risk doing without it.

DOES BUYER BROKERAGE TAKE A DIFFERENT APPROACH?

Completely! It takes a totally different mental approach and a very different set of skills, negotiating skills and market mastery for starters. While experience therefore is important, training is also critical. Now, we try to be as creative and innovative as we can in developing service, which becomes a legal and ethical goal instead of a sin. We believe it also demands "exclusive" focus: switching back and forth can't match specialization!



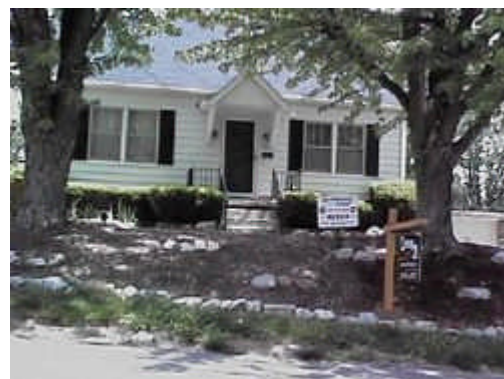
"Your Home Buyers Team"



Articles have been written...



Papers carry listings...



Signs Advertise...



DO TRADITIONAL BROKERS COOPERATE WITH YOU?

While many traditional brokers nationwide have resisted the advent of buyer brokerage, we have enjoyed great relationships locally. Furthermore, the National Association of Realtors, Code of Ethics and State Law, requires cooperation with buyer brokers. We've gone far beyond mere acceptance however; most welcome us.

WHY SHOULD TRADITIONAL BROKERS WORK WITH YOU?

First, the listing agent has a direct obligation to market the seller's property via a written agency agreement, (the listing). Most agents recognize that obligation, along with the fact that we're not trying to take advantage of anyone, just even the odds by giving the buyer the same representation that the seller has always had. Many listing agents are coming to recognize clear benefits in working with buyer brokers, (and of course, we help point them out!):

1. We don't compete with them for listings.
2. We bring them better-qualified buyers, and have extra high closing percentages.
3. Their liability for the actions of sub-agents in the old system is eliminated.
4. We're highly professional in our behavior and offer carefully written contracts. Other agents like that.

WHAT IS THE CONNOTATION OF THE WORD "EXCLUSIVE"?

This means that we represent ONLY buyers, never service sellers and never take listings. The mechanical advantage is that we have absolute impartiality in the marketplace. And it also gives us the opportunity to focus or specialize on buyer side concerns ... a considerable benefit. Legally, it avoids any possibility of undisclosed dual agency. It's a wonderfully simple office policy, easy to understand.

WHEN THE BUYER BROKERAGE FEE IS A PERCENTAGE OF THE SALE PRICE, ISN'T THERE INCENTIVE TO "SELL UP"?

This is the only soft spot in the practice of buyer brokerage, but unfortunately, no one has come up with a better idea. In practice, we diligently work to offset the apprehension the few dollars we would make additionally are your good will and satisfaction with the process...and as we hope to get referrals from you, the few "extra" dollars we vacate are an easy trade for that ambition.

IT REALLY SEEMS STRANGE TO GO TO AN AGENCY FOR SERVICE THAT HAS NO LISTINGS?

No doubt. To go to large "full-service" agencies is a practice that dies hard. But look at the benefits in objectivity and specialization, and in avoiding conflicts

"Exclusive agencies are best. They remove any conflict of interest, which is the main reason for considering a Buyer Broker in the first place."

(Kiplinger's Personal Finance Magazine)



One of the many parks in the area.



*"Agents: How to hire one for your side."
"Most agents who show you homes don't represent your interests. They work for the seller, and their object is to sell the house at the highest possible price."*

(USA Today)



German Influence in the Area

of interest. And remember, we still have -access to everything in the entire MLS array anyway, (plus FSBO'S, to-be-built, & "hip-pocket inventory".)

IF I BUY A "For Sale By Owner" OR A CUSTOM HOME THROUGH A BUYER BROKER, WHAT IS THE FEE?

In this case, we still give full service in supporting the selection, negotiating and contracting, and of course in the "due diligence" associated with closing, for a fee of 3% of the purchase price. The service can usually be paid for in price savings alone.

YOU'VE MENTIONED THIS AS A CONSUMER MOVEMENT. WHY?

I'm not proud of the fact that outside influences first focused attention on the potential for abuse in the traditional system, especially the Federal Trade Commission, who learned as far back as 1983 that more than 70% of American home buyers, mistakenly believed they were being represented in real estate transactions. Since then many, including Common Cause and the Consumer Federation of America have come strongly down in favor of buyer brokerage. Common Cause has recently targeted Illinois for an awareness campaign about existing practices.

DOES BUYER AGENCY STAND ON ITS OWN? HOW ABOUT OTHER EXPERIENCE?

Experience in the basics is still critical. The more we know about the market and local realty practices, the better the results. Too, experience in the relocation world is also important, as that requires other sets of skills and insights. But when you have all of that, AND buyer brokerage, it's whole!

IN YOUR LITERATURE, YOU WARN THAT CALLING ON "NAME RIDERS" ON FOR SALE SIGNS IN THE WORST THING A BUYER CAN DO. WHY?

Because then, the buyer not only gets the same agency, but the very same agent that represents the seller and has a primary obligation to the seller. If we believe he can't serve two masters, someone is going to be short-changed. Of course, this is a popular traditional marketing tool, as shown by the popularity of name-riders. Informed dual agency is a legal possibility but frowned on by most authorities as impossible to practice. Charles Dahlheimer, a nationally known relocation consultant says, "while buyer brokerage is a win-win situation, dual agency is lose-lose, even if disclosed, because no one gets real service. Undisclosed, it's a legal sin ... and there are large class-action lawsuits working in several major U. S. markets against realtors, claiming undisclosed dual agency".

HOW ABOUT REFERENCES? Absolutely!

You should have every opportunity to evaluate the



"Level the playing field when you buy a home." "You may get a better deal with your own broker pulling for you." "The introduction of buyer's brokers takes a horribly one-sided process and simply makes it fair." says one broker.

(Medical Economics)



experiences of our clients, and we would be pleased to provide a list. Or come to our office and reach into the closed files! We think you'll find universally pleased responses, with some astonishing results. Just ask!

HAVE THERE BEEN ENDORSEMENTS BY NATIONAL AGENCIES?

You bet! The AARP has published a booklet, with the Consumer Federation of America, advocating exclusive buyer brokerage. The FTC is pushing reform in the profession. Common Cause is targeting various states for reform. And among media endorsements, the list is long and growing: The Wall Street Journal, Changing Times, U.S. News and World Report, Good Housekeeping, The Washington Post, Medical Economics, USA Today, The Air Force Times, The Reader's Digest, and many more.

WHAT KIND OF AGENCIES ARE PRACTICING BUYER BROKERAGE?

Most observers agree it will be practiced first by small, personalized agencies, focusing on buyer concerns and developing the discipline. It will be performed by those disturbed with traditional practice and the confused, clouded lines of responsibility inherent with dual agency. It will also be practiced by "consumerists", or even, "humanists"...those truly interested in the service they perform simply because they want to provide the best, as they would hope for and expect themselves. Buyer brokerage requires that the client's interests come first ... without reservation.



ALWAYS
on the buyers side!