

Buyer Representation

What buyers should know about compensation, loyalty and shared expectations.

"I'm your ABR"¹

Tim Lord
CENTURY 21 Scheetz
135 E. Sycamore St
Zionsville, IN 46077
Phone: 317-873-1700
Cell: 317-319-9012
tlord@c21scheetz.com
www.TimLordRealtor.com



Most real estate agents earn their living by representing buyers and sellers in property transactions. While commission rates and/or terms vary from one listed property to another, there's no question about which agent and brokerage firm is representing the sellers. The yard sign alone makes that clear.

However, problems can surface on the other side of the transaction if a buyer (intentionally or unwittingly) does things that lead two different agents to believe they are representing that buyer.

Examples include:

- A buyer has been searching for homes with an agent's help. On impulse, he attends an open house and starts talking to the hosting agent about what kind of home he is searching for, failing to mention that he is already working with another agent.
- A couple, early in their home search, notice two different houses for sale with two different agents. They call each agent, asking to see the homes.

In each of these cases, a buyer has demonstrated purchasing interest with more than one real estate agent. Depending on other details of the circumstances—and how your state defines the way agency relationships are formed—it is possible that a dispute could arise between agents regarding who should receive a commission if the buyer proceeds with a purchase.

This is one reason why it's in everyone's best interest, including yours, to **shop for an agent before you shop for a home**, and to formalize your relationship with a signed buyer representation agreement. Buyers have nothing to lose, because you can expect a higher level of service, typically for no additional cost.

In return for providing these services and assisting you with various transaction details, buyer's agents expect you to remain loyal to them, making it clear to any other agents that you are already being represented.

Agency relationships are based on mutual consent, so if your buyer's representative isn't living up to your expectations, you can cancel the agreement.

Most importantly, you should discuss expectations early on. Each buyer's agent has their own style and preferred way of working with clients. And each agent has their own buyer's representation agreement, outlining their obligations to you and what they expect in return.

There are also certain things buyer's reps are not allowed to do for you, such as advise you on which neighborhoods are better than others in terms of schools, crime rates or population demographics. Fair Housing Laws state they can only point you to sources of this information, helping you make your own decisions on these and other matters.

Taking time to discuss shared expectations at the beginning of your relationship is the surest way to avoid misunderstandings and form a strong partnership—one that allows your buyer's rep to serve you to their greatest ability and help you achieve the best possible result in your home purchase.



¹ Note that not every state requires a signed Buyer's Representation Agreement to create an agency relationship. In some cases, an agency relationship can be formed if both parties simply behave as if one exists.