



UNIT 5 – 2

Using a Real Estate Agent

The purchase of your home may be the single largest purchase that you make in your lifetime. Due to the magnitude of this purchase and its impact on your financial well-being, you will want to give it much consideration, effort, and thought.

A good place to begin your housing search is with the support of a real estate agent. The National Association of Realtors is a national organization with over 1.3 million members—it is the largest trade association in the United States. The organization “seeks to be the leading advocate of the right to own, use, and transfer real property; the acknowledged leader in developing standards for efficient, effective, and ethical real estate business practices; and valued by highly skilled real estate professionals and viewed by them as crucial to their success. Working on behalf of America's property owners, the National Association of Realtors provides a facility for professional development, research and exchange of information among its members and to the public and government for the purpose of preserving the free enterprise system, and the right to own, use, and transfer real property.”

What does this mean for you? Selecting a realtor, someone who is a member of the National Association of Realtors, to assist you in the home buying process can alleviate potential future problems and can make the home buying process much more efficient and enjoyable.

Case Study Application

In this lesson, we will examine the reasons for hiring a real estate agent when buying your home as well as strategies for finding the right agent for you. We will revisit the case study with Scott and Maria as they begin the search for their first home.



CASE STUDY: SCOTT AND MARIA LOOK FOR HOUSING

Scott and Maria have been married for four years and are renting a home from Scott's father. They have both completed their education and have secured jobs in their respective fields. They have been saving money each month and think they have built up enough of a nest egg to consider purchasing their first home.

They began by exploring what type of house they would like to buy and the characteristics of the home. After prioritizing their needs and their wants, Scott and Maria feel they have a good idea of the type of home they would like to purchase.

They have begun looking at online information and multiple listing services, but are finding the search to be a bit overwhelming.

Why Hire a Real Estate Agent?

There is a great deal of information available online to assist in your search for the perfect home. At times, this information can become overwhelming. What sources are reliable? How do you know if the house listed on the MLS service is really still available? A good resource to employ is that of a real estate agent.

Realtors are licensed to sell real estate as a broker or an agent. Realtors can serve many different functions in helping you to find your home. They can help you to determine how much you can afford to spend on your home. They have knowledge of different financing methods and have knowledge regarding the local money market. They can assist you in collecting your financial paperwork that you will need to have with you when you apply for a loan.

Realtors are also familiar with the local real estate values, utility costs, local zoning regulations and changes, taxes, and municipal services and facilities. They can research your housing needs using the Multiple Listing Service (MLS). The MLS service is an information-sharing marketing network created by Realtors to assist consumers in selling and buying homes. Your realtor can input the criteria you want and then generate a list of all properties that meet your needs. The system provides the realtor with more detailed information that you can find on a website. The information will include room measurements, specifics on the condition of the property, renovations to the property, appliances, zoning regulations for the property, tax rates, and sales history of the home. This coupled with the Realtor's knowledge of the neighborhood and current marketing conditions will assist you in making the best buying decision for your needs.



A Realtor can also help you to negotiate the prices for the house. There are many factors to consider in the negotiations such as price, financing, terms, date of possession, inclusion or exclusion of repairs, furnishing, or equipment. Your agent can provide you with the information regarding home inspections and investigations that will be necessary for the purchase.

The realtor can also provide you with due diligence during the evaluation of the process. **Due diligence** is an investigation or audit of a potential investment. This could include inspections for termites, dry rot, mold, asbestos, faulty structure, roof conditions, septic tank and well tests, and title searches. Your realtor can assist you in finding qualified professionals to conduct these evaluations and provide you with written reports. Doing this work upfront can save you from potential problems in the future.

- Why do you think that using a realtor can assist you in the home buying process?
- What other roles can a realtor play in the purchase of a home?

Finding the Right Agent for You

Now that we know what a realtor can do for you. How do you go about finding the right realtor for your needs? Finding the right realtor can be essential to the success of your home buying experience. The best agent for you is one who is an experienced professional who will listen to you, conduct him/herself in a professional manner and has an in-depth understanding of the local real estate market.

There are specific questions you will want to ask agents before you select the one that you will hire. Some questions you will want to consider are:

- Do you present offers yourself?
- How do you handle multiple offers?
- How long have you been in the business?
- How many homes will I likely see before I find a home I want to buy?
- How much do you charge?
- How will you help me find other professionals such as mortgage brokers, home inspectors, etc.?
- How will you search for my new home?
- What are the top things that separate you from your competition?
- What is your average list-price-to-sales-price ratio?
- What is your best marketing plan or strategy for my needs?
- Will you provide references from prior clients?
- What kind of guarantee do you offer?



- What haven't I asked that I need to know?

Just as you are interviewing the realtor, expect that the realtor will ask you questions regarding your motivations. You wouldn't select a realtor randomly from the phone book and neither would a realtor. It is a two-way street. Also, you will want to interview realtors from different agencies to find the best fit for your needs. You'll find different agencies have different philosophies, services, and approaches to the home buying process.

- Can you think of other considerations that you should make in selecting a realtor?
- What are characteristics that you would recommend Scott and Maria consider in their selection of a realtor?

