

Even if You're a Sophisticated Buyer or Seller, You Need Us — And Here's Why...

Perhaps you've heard the expression, "A lawyer who represents himself has a fool for a client." Most lawyers respect that truism, which is why you see lawyers hiring other lawyers when they are sued or criminally charged..

The same truism can be applied to real estate. Just this week I received a contract to buy one of my listings from a couple who are both real estate agents, but the offer was written by another agent. (I suspect he will share his 2.8% co-op commission with the buyers.)

There are also many buyers and sellers who aren't agents but who are sufficiently experienced at buying and selling real estate to be considered "sophisticated" buyers

or sellers. These persons may understandably think that they don't need professional representation, saving themselves (if they're **selling**) 3% or so on a listing commission. If they are **buying** without representation, they may think they can negotiate a lower purchase price by sparing the seller the 2.8% co-op commission typically paid to a buyer's agent.

Let me debunk some misconceptions about each scenario separately — first for buyers.

Buyers typically pay nothing for professional representation, since buyers' agents are universally compensated by the listing agent at a rate spelled out in the multi-list service (or "MLS") to which all agents belong. Our Denver metro MLS is called REcolorado. Its website is www.REcolorado.com, which has both a consumer-facing and agent-facing side.

If you're a buyer, you can go to that website and see all the listings which are currently available for purchase, and you can click on a link to email or call the agent for each listing. After that listing agent has determined that you don't have an agency agreement with another agent, he or she will be **delighted** to help you buy his (or her) listing because he won't have to give away half his commission to another agent. And he'll probably ask you to hire him as a buyer's agent if his own listing is not what you choose to buy, in which case he could earn 2.8% on **that** purchase.

If you, as a buyer, work with the listing agent, he or she will not, **by law**, be working in your best interest. At best, he'll be a transaction broker, advising neither you nor his seller in the transaction. He won't be able to advise you on the true value of the home or what you should offer, or how to respond to a counterproposal from the seller. He also won't be able to advise you on inspection or other issues that arise during the transaction. You're on your own — literally helpless.

Moreover, the chances are that you're not saving the seller any money by being unrepresented, since the listing agent gets to keep the entire commission when he doesn't have to share it with a buyer's agent. My own research has shown that only 15% of listing agreements have a provision in which the commission is reduced if the agent doesn't have to share his commission with a buyer's agent. I know this to be true,

because the MLS requires the listing agent to disclose the existence of a "variable commission" in his or her listing. That's one of the fields that is **not** displayed on the consumer-facing side of the MLS.

There are additional reasons why a buyer (in my opinion) should hire an agent instead of working directly with a listing agent — **except** when it's a Golden Real Estate listing, as I'll explain below. The most important reason is that a buyer's agent, in addition to being your advocate in a transaction, has more access to information about listings than you have as a consumer.

For starters, agents have valuation software not available to consumers and can create a spreadsheet of comparable sales, so you'll know whether a home's listing price is reasonable. Zillow's famed "zestimates," by themselves, are **not** a dependable indicator of a property's value.

Second, agents can do searches using **any field** on the MLS, not just the fields that are available to you as a consumer. Do you require a main-floor master? A second master suite? A fenced yard for your dog? An unfinished (or finished) basement? Members of the MLS can set up searches on virtually any criterion that is important to you, and the system will notify you and your agent within 15 minutes of a new listing matching your specific search criteria.

As a buyer working with Golden Real Estate, you'll enjoy added advantages to having representation, up to **totally free moving** using our own moving trucks, boxes and packing materials. With our focus on sustainability, one of my favorite closing gifts to buyers is a **free energy audit** of your new home — a \$350 value. And if you have a home to sell, we **reduce our commission** on selling your current home. These benefits also apply when you're buying one of our listings without your own agent. Call us for details.

Now let's look at why sellers need to have professional representation.

Understandably, sellers have a huge incentive not to use an agent — they pay the commission for both agents in a transaction, which they assume (wrongly) is fixed at 6%. That would be a violation of federal antitrust laws. All commissions are negotiable. My personal rate is 5.6%, which I reduce to 4.6% if I don't have to give 2.8% to a buyer's agent. And I reduce those figures by another 1% if I earn a commission on

the purchase of your replacement home. Because of federal laws against price fixing, I can't dictate (or even discuss) what our other agents charge.

That's still a lot of money, so you need to know what you're getting for it.

At Golden Real Estate, sellers enjoy a free staging consultation, magazine quality still photos and professional quality narrated video tours which are posted on YouTube, the MLS, consumer real estate websites and on the custom website which we create for each listing. (Visit www.GRElistings.com to see the custom websites for our current active listings.)

We also provide free use of our moving trucks and moving boxes both to our sellers and to whoever buys our listings, even if their agent is with another brokerage. And, of course, all listings are featured in this column, which appears in eight editions of newspapers throughout both Denver and Jefferson counties.

We also have a proven track record of getting the highest possible prices for our sellers because of our skill at negotiating with buyers and their agents. Most agents will not reveal the offers they have in hand when they get multiple offers. We treat that situation like an auction, where everyone knows the highest current offer, and we regularly bid up the purchase price for our sellers — and the buyers and their agents appreciate not losing out in a blind bidding situation.

In Defense of Journalists — They're Working for You!

I've written about the rules of journalism before. (See my Feb. 2, 2017, column at JimSmithColumns.com.) Being a journalist myself, educated in the importance of keeping personal opinion out of news articles, as distinct from columns or editorials, it continues to bother me that the general public doesn't recognize these distinctions. Because of that, it's too easy to dismiss factual news articles as "fake" based on a publication's editorial position.

Yes, the Washington Post and New York Times express liberal positions in their editorials and many op-ed columns, but the news writers are solid professionals who report just the facts, uncolored by their own **or** their editorial board's positions on a given topic.

While tradition may dictate that each newspaper have opinion pages vs. news pages, it doesn't have to be that way. I think that newspapers might do themselves, their readers and society a favor by deleting editorial and op-ed pages and publishing only signed letters to the editor.

REAL ESTATE TODAY



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