

Why Use a REALTOR®?

All real estate licensees are not the same. Only real estate licensees who are members of the NATIONAL ASSOCIATION OF REALTORS® are properly called REALTORS®. They proudly display the REALTOR "®" logo on the business card or other marketing and sales literature. REALTORS® are committed to treat all parties to a transaction honestly. REALTORS® subscribe to a strict [code of ethics](#) and are expected to maintain a higher level of knowledge of the process of buying and selling real estate. An independent survey reports that 84% of home buyers would use the same REALTOR® again.

Real estate transactions involve one of the biggest financial investments most people experience in their lifetime. Transactions today usually exceed \$100,000. If you had a \$100,000 income tax problem, would you attempt to deal with it without the help of a CPA? If you had a \$100,000 legal question, would you deal with it without the help of an attorney? Considering the small upside cost and the large downside risk, it would be foolish to consider a deal in real estate without the professional assistance of a REALTOR®.

- A REALTOR® can help you determine how much home you can afford. Often a REALTOR® can suggest ways to accrue the down payment and explain alternative financing methods.
- A REALTOR®, in addition to knowing the local money market, also can tell you what personal and financial data to bring with you when you apply for a loan.
- A REALTOR® is already familiar with current real estate values, taxes, utility costs, municipal services and facilities, and may be aware of local zoning changes that could affect your decision to buy.
- A REALTOR® can usually research your housing needs in advance through a Multiple Listing Service--even if you are relocating from another city.
- A REALTOR® can show you only those homes best suited to your needs--size, style, features, location, accessibility to schools, transportation, shopping and other personal preferences.
- A REALTOR® often can suggest simple, imaginative changes that make a home more suitable for you and improve its utility and value.
- A REALTOR® is sensitive to the importance you place on this major commitment you are about to make. Look for a real estate professional to facilitate negotiation of a win-win agreement that will satisfy both you and the seller.

But if you're still not convinced of the value of a REALTOR®, here are a dozen more reasons to use one:

1. Your REALTOR® can help you determine your buying power -- that is, your financial reserves plus your borrowing capacity. If you give a REALTOR® some basic information about your available savings, income and current debt, he or she can refer you to lenders best qualified to help you. Most lenders -- banks and mortgage companies -- offer limited choices.

2. Your REALTOR® has many resources to assist you in your home search. Sometimes the property you are seeking is available but not actively advertised in the market, and it will take some investigation by your agent to find all available properties.

3. Your REALTOR® can assist you in the selection process by providing objective information about each property. Agents who are REALTORS® have access to a variety of informational resources. REALTORS® can provide local community information on utilities,

zoning, schools, etc. There are two things you'll want to know. First, will the property provide the environment I want for a home or investment? Second, will the property have resale value when I am ready to sell?

4. Your REALTOR® can help you negotiate. There are myriad negotiating factors, including but not limited to price, financing, terms, date of possession and often the inclusion or exclusion of repairs and furnishings or equipment. The purchase agreement should provide a period of time for you to complete appropriate inspections and investigations of the property before you are bound to complete the purchase. Your agent can advise you as to which investigations and inspections are recommended or required.

5. Your REALTOR® provides due diligence during the evaluation of the property.

Depending on the area and property, this could include inspections for termites, dry rot, asbestos, faulty structure, roof condition, septic tank and well tests, just to name a few. Your REALTOR® can assist you in finding qualified responsible professionals to do most of these investigations and provide you with written reports. You will also want to see a preliminary report on the title of the property. Title indicates ownership of property and can be mired in confusing status of past owners or rights of access. The title to most properties will have some limitations; for example, easements (access rights) for utilities. Your REALTOR®, title company or attorney can help you resolve issues that might cause problems at a later date.

6. Your REALTOR® can help you in understanding different financing options and in identifying qualified lenders.

7. Your REALTOR® can guide you through the closing process and make sure everything flows together smoothly.

8. When selling your home, your REALTOR® can give you up-to-date information on what is happening in the marketplace and the price, financing, terms and condition of competing properties. These are key factors in getting your property sold at the best price, quickly and with minimum hassle.

9. Your REALTOR® markets your property to other real estate agents and the public. Often, your REALTOR® can recommend repairs or cosmetic work that will significantly enhance the salability of your property. Your REALTOR® markets your property to other real estate agents and the public. In many markets across the country, over 50% of real estate sales are cooperative sales; that is, a real estate agent other than yours brings in the buyer. Your REALTOR® acts as the marketing coordinator, disbursing information about your property to other real estate agents through a Multiple Listing Service or other cooperative marketing networks, open houses for agents, etc. The REALTOR® [Code of Ethics](#) requires REALTORS® to utilize these cooperative relationships when they benefit their clients.

10. Your REALTOR® will know when, where and how to advertise your property. There is a misconception that advertising sells real estate. The NATIONAL ASSOCIATION OF REALTORS® studies show that 82% of real estate sales are the result of agent contacts through previous clients, referrals, friends, family and personal contacts. When a property is marketed with the help of your REALTOR®, you do not have to allow strangers into your home. Your REALTOR® will generally prescreen and accompany qualified prospects through your property.

11. Your REALTOR® can help you objectively evaluate every buyer's proposal without compromising your marketing position. This initial agreement is only the beginning of a process of appraisals, inspections and financing -- a lot of possible pitfalls. Your REALTOR® can help you write a legally binding, win-win agreement that will be more likely to make it through the process.

12. Your REALTOR® can help close the sale of your home. Between the initial sales agreement and closing (or settlement), questions may arise. For example, unexpected repairs are required to obtain financing or a cloud in the title is discovered. The required paperwork alone is overwhelming for most sellers. Your REALTOR® is the best person to objectively help you resolve these issues and move the transaction to closing (or settlement).

As a prerequisite to selling real estate, a person must be licensed by the state in which they work, either as an agent/salesperson or as a broker. Before a license is issued, minimum standards for education, examinations and experience, which are determined on a state by state basis, must be met. After receiving a real estate license, most agents go on to join their local board or association of REALTORS® and the NATIONAL ASSOCIATION OF REALTORS®, the world's largest professional trade association. They can then call themselves REALTORS®.

Moving?

Minimize your relocation stress. Our [moving section](#) offers checklists, free services, tips and more.

The term "REALTOR®" is a registered collective membership mark that identifies a real estate professional who is a member of the NATIONAL ASSOCIATION OF REALTORS® and subscribes to its strict Code of Ethics (which in many cases goes beyond state law). In most areas, it is the REALTOR® who shares information on the homes they are marketing, through a Multiple Listing Service (MLS). Working with a REALTOR® who

belongs to an MLS will give you access to the greatest number of homes.

Using an agent and the obligations that are owed to you

An agent is bound by certain legal obligations. Traditionally, these common-law obligations are to: Put the client's interests above anyone else's; Keep the client's information confidential; Obey the client's lawful instructions; Report to the client anything that would be useful; and Account to the client for any money involved.

NOTE: A REALTOR® is held to an even higher standard of conduct under the NAR's Code of Ethics. In recent years, state laws have been passed setting up various duties for different types of agents. As you start working with a REALTOR®, ask for a clear explanation of your state's current regulations, so that you will know where you stand on these important matters.

The difference between a buyer's and a seller's broker

Suppose you sign an offer to buy a home for \$150,000. You really want the property and there's a chance other offers are coming in, so you tell the broker that "We'll go up to \$160,000 if we have to. But of course don't tell that to the seller." If you're dealing with a seller's agent, he or she may be duty-bound to tell the seller that important fact. In most states, the seller's agent doesn't have any duty of confidentiality toward you. Honest treatment might require that the agent warn you that "I must convey to the seller anything that would be useful so don't tell me anything you wouldn't tell the seller."

Your Money

Make the most of your money. Our [finance section](#) features information about banking, loans, insurance, taxes, investing and more.

TIP: If you're dealing with seller's agents, it's a good idea to keep confidential information to yourself. These days many home buyers prefer instead to hire a buyer's broker, one who owes the full range of duties, including confidentiality and obedience, to the buyer. A buyer's broker is often paid by the seller, regardless of the agency relationship.

How to evaluate an agent

In making your decision to work with an agent, there are certain questions you should ask when evaluating a potential agent. The first question you should ask is whether the agent is a REALTOR® . You should then ask:

- Does the agent have an active real estate license in good standing? To find this information, you can check with your state's governing agency.
- Does the agent belong to the Multiple Listing Service (MLS) and/or a reliable online home buyer's search service? Multiple Listing Services are cooperative information networks of REALTORS® that provide descriptions of most of the houses for sale in a particular region.
- Is real estate their full-time career?
- What real estate designations does the agent hold?
- Which party is he or she representing--you or the seller? This discussion is supposed to occur early on, at "first serious contact" with you. The agent should discuss your state's particular definitions of agency, so you'll know where you stand.
- In exchange for your commitment, how will the agent help you accomplish your goals? Show you homes that meet your requirements and provide you with a list of the properties he or she is showing you?