

Real Estate Agent or Buyer's Agent?

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According to a National Association of Realtors survey, 90 percent of buyers use a real estate agent during their search. Though agents may spend hours showing houses to buyers, they collect a commission from the seller and must work on his or her behalf to get the highest sale price.

For the last 10 years or so, more and more buyers have been asking for a "buyer's agent" who works exclusively for them, not sellers, helping negotiate the house price, the terms of the sale, and contract contingencies. The buyer's agent may charge a percentage of the purchase price (usually about 3 percent), a flat fee, or an hourly rate. The percentage generally comes out of the sales commission received by the listing real estate agent. However, the buyer may be contractually obligated to see that the agent is paid.

In theory, a buyer's agent could be helpful, especially for home buying novices. But many who hold themselves out as buyer's agents work for the same firms as listing, or sales, agents, says Barry Miller, president of the National Association of Exclusive Buyer Agents, a professional organization. That means their loyalties are muddled, and they may not negotiate for the lowest price.

You can find a true buyer's agent only at a firm that does not accept listings. Currently, there are about 2,500 NAEBA members in the U. S. Compared with 1 million real estate agents. About 50,000 agents are currently certified as buyer's agents by the National Association of Realtors; many work for listing agencies.

What to do: You may feel that you need a buyer's agent to get you through the complicated home-buying process. But you take a risk. If the seller refuses to pay the commission, you could be on the hook. If you use a buyer's agent, make sure you get one who's genuine. You can do so by visiting the NAEBA web site at www.naeba.org or by calling 800-986-2322. Members can be found in most areas of the country.