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## Who's working for you?

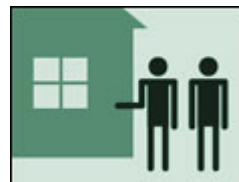
Don't rely on the luck of the draw when househunting. Before you shop for a house shop for an agent.

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By Sarah Max, CNN/Money senior writer

**BEND, Ore. (CNN/Money) –You wouldn't randomly choose a real estate agent when selling a house. You'd get recommendations, interview candidates and make sure you found the right fit.**

Yet, when it comes to buying a house, many of us aren't so diligent about finding a buyer's agent.



"What often happens is people call about a specific property and speak with an agent who happens to be working that day," said Ron Phipps, principal of Phipps Realty in Warwick, R.I. "Even if that specific property doesn't work out, the agent will probably try to continue working with you."

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Before you know it you've seen a dozen houses with an agent who, you later realize, is the office rookie, clueless about the kind of property you want or just not a great match.

There may also be a question of loyalty.

"Agents who list property in the Multiple Listing Service agree to share commissions if other agents bring a seller to the table," said Walt Molony, spokesperson for the National Association of Realtors (NAR). "Unless the agent has a buyer's agreement with you, the agent may be working as a sub-agent of the seller and obligated to get the highest price for the seller."

Although sub-agents are increasingly uncommon, buyers should never assume that an agent is working for them until they see an agency disclosure, said Harley Rouda Jr., CEO of Real Living, one of the largest real estate firms in the Midwest.

Most states require that agents disclose their relationship as a seller agent or a buyer agent at the first substantive contact, he explained. A good agent will explain this early on, law or no law.

"By the time you get in the car and start looking at houses you should know whether the agent represents you as a buyer or a sub-agent of the seller."

### **A case for the buyer's agent**

With so many online tools for finding property, why would you want a buyer's agent?

There are a number of advantages.

- In competitive real estate markets, you may need an agent to give you a heads up on property as soon as it comes on the market.
- If you are relocating to a new area or live in a large metro, a buyer's agent will help you understand what a house is really worth, give you the inside scoop on schools and point out other factors that could affect property values.
- In any market, a buyer's agent can act as a buffer during the negotiating process and make sure you've covered all of your bases before closing.

Who pays for all of this? The short answer: the seller's agent.

The commission paid for selling a house is fixed, usually at 5 percent to 7 percent, and paid by the seller. If a sub-agent or buyer's agent brings you to the table, the seller's agent splits the commission. If you opt to not have a buyer's agent, the seller's agent has dibs on the full commission.

Some buyers reason that if they don't have an agent, the seller should be able to negotiate for a lower commission and share some of the savings with the buyer.

"The seller can try to negotiate with his or her agent for a lower commission if you don't have an agent," said Eric Cunliffe, senior vice president with LendingTree.com, which has an agent referral services for buyers and sellers. "But they aren't obligated."

In most markets, said Real Living's Rouda, it's unlikely that a seller's agent will agree to take a lower commission. "If a buyer is not represented, the seller's agent will make the case that they will be doing the work of two," he said.

### **Finding the right match**

Rather than finding a buyer's agent by luck of the draw, consider looking for one before you start shopping around for your dream house.

Start with old-fashioned word-of-mouth recommendations from friends and family. If you're moving to a new area, try one of the many free referral systems now online. Sites such as [RealEstate.com](http://RealEstate.com), [RealLiving.com](http://RealLiving.com) and [ServiceMagic.com](http://ServiceMagic.com) match buyers with agents based on their budget, lifestyle and housing preferences.

Then interview two or three agents to get a better sense of their experience, knowledge of the area, contacts and personality.

If you do find an agent you like, you don't

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have to commit to working with him or her exclusively. But etiquette calls for you to be loyal to an agent who spends a good deal of time and effort shopping for houses.

"Several years ago, I had a buyer who looked at 70 properties," explained Phipps. If that buyer happened to find a house with another agent or on his own, "I would have been really distraught."

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To that end, buyer's agents are increasingly asking buyers to sign exclusive agreements. This contract, said Rouda, outlines the agent's responsibilities, the term of the agreement (usually six months) and your obligation to work with that buyer's agent, even if you find a house on your own.

"If you spend three hours with me and don't want to use me, you don't owe anything in my office, said Phipps. "But at some point, I'm going to ask you to make a choice." ■

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