

Brokers: What You Should Know

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As the real estate season heats up, buyers and sellers need to keep a few points in mind:

- The broker works for his client and owes that client a fiduciary duty to seek what is in the best interest of the client.
- The typical "listing price" is really the seller's price plus a commission, usually 6% of the total price.
- The nature of the brokerage agreement is important to note.

Duty

Buyers often forget that the friendly, smiling agent who is trying to "find them a home" is more concerned with getting top dollar for his client's home. It is important for buyers to keep in mind that a little grain of salt should be taken with most, if not all, assertions made by the broker. After all, he is only trying to sell the property for the most money he can.

Listing Price

Buyers and sellers should also note that a house selling for \$319,000 is really selling for \$300,000 with a \$19,000 commission to the agent.

The agent's goal is to get the most for the house without overlisting the price. When an agent tells you that "this is the going price for such house in such area" he is really saying "this is how much we need to sell this house for us to get what we want."

Brokerage Agreement

Most brokers require an exclusive listing, which means that they alone can list the home. This does not always mean that they alone will get the commission with selling agents.

Sellers should avoid an exclusive right to sell, however, since this would entitle the agent to a full commission no matter who sells the property, even the owner. Payment of commissions should be limited to the closing date and upon receipt of sales proceeds as well.

The agency agreement should also be confined to 90 days or less since one can always increase the period, but trying to cut it short once signed to is more difficult.