

Real Estate Report:

Buying A Home Without A Real Estate Agent Can Cost You BIG!

By Thomas Lee

Finding a home that is priced below market value and navigating through the mechanics of the real estate transaction are not easy! If you have a tax question, or need legal advice, you seek a professional. When it comes to finding the right house for hundreds of thousands of dollars, and making sure the transaction goes smoothly, you need your real estate professional!

Best Part Is, It doesn't Cost You A Dime!

When you buy a house through your real estate agent, she or he is taking care of you at *no cost to you*. The seller typically pays your agent, so you get representation for free! That's a bargain, considering all of the service your agent will provide for you:

Finding Your Home

Your real estate has access to the right resources and networks to find homes that are "undervalued". Of course, you can find homes on the Internet or through local ads . . . but houses that are placed on the market *below market value* often don't ever make it to the MLS, let alone the Internet! Real estate experts know that less than 15% of the homes sold in America are ever advertised in the newspaper or in a magazine. Your real estate agent is privy to these "steals." She or he is in constant contact with the other agents who have listings coming onto the market. Working through your agent, you can get "first crack" at these properties before they are advertised to the public.

In addition, your agent can find you the "right" home while you're at work and tending to your other responsibilities, and show them to you at YOUR leisure! What's your time worth? Your agent can save you plenty of time!

Making the “Right” Offer and Negotiating

A lot of thought and analysis needs to go into your “offer”. Factors like comparable properties on the market, recently completed transactions, location and the seller’s circumstances all play a part in the amount of the offer. Your real estate agent will help you present the most reasonable offer. In addition, your real estate agent is an accomplished negotiator who can make sure the deal moves smoothly to closing (making sure the deal doesn’t fall apart is critical!)

Obtaining Financing

Most real estate agents work closely with one or several good lenders. Your real estate agent can help explain the myriad of loans (VA, FHA, Conventional, ARMs, etc) and set you up with a good mortgage lender. This person will help steer you through the application process and the paperwork maze. Most importantly, this person should help get the best loan for you. Take advantage of your real estate’s team – which usually includes a good mortgage lender.

Due Diligence & Settlement

Due Diligence is the process of trying to discover potential problems in the house you are buying before you buy. These problems can range from structural or cosmetic (for example, termites or leaky roof) to problems with the title, taxes or homeowners association. Your agent has experience uncovering these problems, and can save you a lot of money and grief. Furthermore, your agent typically has preferred structural and termite inspectors that are a part of her or his “team.” This inspector can help uncover any problems that may cost you money and grief later on. Also, your agent will make sure you bring everything you need (paperwork, the exact monies, etc.) to the settlement table. They’re job is to make sure the settlement goes smoothly!

Building a New Home

Many new homebuyers erroneously believe that if they buy a home from a builder without going through a buyer’s agent, they will save money. The fact is, most builders pay a commission, and if you do not use an agent, the builders simply keep that money for themselves as profit. The worst part is, in this case, you will forgo FREE representation!

Negotiating without representation can be a disaster! Most builders do not fall under state real estate commission laws, and therefore do not have to use approved commission purchase contract forms. Most likely, the builders had their own purchase contracts drafted in their own interest . . . NOT YOURS. Most real estate agents are familiar with these contracts, and can recommend inclusions or exclusions to save you trouble. Agents

can also help negotiate important points like “final walkthroughs”, contingencies, and closing dates. Best of all, real estate agents have experience negotiating, and may for example, be able get the builder to do upgrades at no additional cost!

Be certain to work with a broker that can act as your advocate. Most states have a broker relationship known as a *buyer's agent*. Avoid working with agents that are neutral such as transaction brokers, dual agents or seller's agents and sub agents, as they do not represent you. Become familiar with the types of agency available to you in your area and ask your real estate professional to guide you.

I hope this informational report was informative. As your local real estate professional, I am constantly aware of “good deals” on the market, and can help you determine what type of house and location is “right” for you. You can call me at any time for advice, and please remember that you are under no obligation or pressure of any kind. I would very much like to help you.

Best Regards,

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