



## FIELD GUIDE TO SEEING HOMES “ON YOUR OWN”

The reality is that a significant number of prospective home buyers prefer to see homes “on their own”...especially early on in their search. With the growth of online listings that identify an agent to call for more information (which is generally the listing agent of the property...representing the seller), some consumers clearly feel that calling the agent on the listings is the fastest, most efficient way to get more information on, or to actually go see, a property. When it comes to showings, others have said that it’s the listing agents that know more about the property anyway, so why have a buyer’s agent open the door. While not always that simple, seeing homes “on your own” can be done successfully if you are aware of the parameters at play, but there are also some pitfalls.

First, let’s start with a FAQ from the website of the Division of Real Estate at the Colorado Department of Regulatory Agencies:

A screenshot of the Colorado Department of Regulatory Agencies (DORA) website. The header includes the Colorado state logo and the text "Colorado The Official State Web Portal". Navigation links for "Live Help" and "Advanced Search" are visible. The main content area features the DORA logo and a "SOLD" sign. A navigation menu includes "AskDORA", "About Us", "Divisions-Boards", "Consumers", "Businesses", "Occupations", "News", and "Español". The FAQ question is "Do I have to hire an agent if I want to see a property?". The answer states: "No. You may ask any licensee to show a property to you. You will be asked to sign a disclosure document which says that the licensee has explained Colorado Brokerage Relationship law to you. However, if you do wish to hire an agent, you will have to sign a contract which obligates you to use that person's services exclusively for a specific period of time."

SOURCE: <http://www.dora.state.co.us/real-estate/about/enfrcmnt/agency.htm>

OK, great...you are ready to call up a listing agent to ask to see a property. Simple, right? Not so fast. After verifying you are unrepresented, they are generally going to want to ascertain that you are a credible potential buyer, right? Who wants to spend their valuable time with someone who isn’t willing and able to buy what they are selling. Further, they are likely to be charged with “promoting the interests of Seller with the utmost good faith, loyalty and

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fideliy.” (A *required* duty of any Seller’s Agent.) So, most listing agents are only eager to show properties to credible and capable potential buyers that could close the deal on the seller’s terms. In light of this, we recommend that you can establish the following in your early conversations with listing agents:

- that you have already driven by the property and know the area.
- that you are eager to put a property under contract within a certain time frame.
- that you have met with a lender and believe this property to be within your price range.

OK...now maybe you have an appointment to see a home! If this appointment is with the listing agent, they are most likely serving as a Seller’s Agent for the seller...and feel free to ask them to confirm. This means that they are representing seller’s interest...not yours, so be very careful in terms of revealing your motivations, and certainly the upper limits of your financial capacity.

Importantly, do know that it is natural for listing agents to look at unrepresented buyers as an opportunity, right? Often we hear stories where buyers perceive that a listing agent was trying to “get both sides of the commission.” While this probably isn’t the full story, or always fair, the fact is many listing agents will probably propose some sort of potential representation arrangement to you. As identified above, a listing agent should inform you of all your options. It is also good practice for you to determine the implications to these options in terms of duties owed, services provided, and costs. But do be ready for a proposition and some discussion.

In any case, if you come to be interested in a property that was showed to you by the listing agent or any other licensee, but intend to have another broker represent you in terms of “bringing the offer”, make sure that the licensee that showed you the home doesn’t object to this. While antitrust laws prohibit actions by brokers/licensees that stops or inhibits the public from negotiating special price arrangements, some may successfully argue (under the rules that govern real estate commissions) that they wouldn’t owe a commission to another broker because of the fact that they first showed you the home.

Remember, the real estate marketplace is highly regulated and highly competitive...so if this is too much for you to navigate, we don’t blame you, and you should consider calling a buy-side broker like us earlier in the process! Securing, in writing, buy-side representation before seeing homes is the best way to see homes and avoid any problems.