

FREE REPORT: REAL ESTATE SECRETS YOU WANT TO KNOW.....

Compliments
Of...



TheColumbusTeam

Serving Columbus and the Central Ohio Area
614•888•6100

www.FindMeMyHouse.com

Real Estate Secrets You Want to

Know.... All those questions you've always wondered about, but no one would answer...

• **Secret #1-You can choose to work with more than one real estate agent at a time.**

You're under no legal obligation to use only one real estate agent (unless you've signed an Exclusive Buyer Listing Agreement... more on this later).

Some people like to do this because:

1. They want to look at a number of areas.
2. They haven't found the "right" real estate agent .
3. They want to keep their options open.

Tips if you're going to do this:

1. Tell the realtor that you're working with other agents as well.
2. Also tell them if they want to show you a property that you've already seen it with another real estate agent . It saves you- and them- time and effort.

The Real Deal: Most realtors hate this. They want to work with you exclusively, and they may either choose not to work with you, or put your needs on a lower priority scale. Why? Because: a.) their time available is usually limited, and b.) their chances of completing a transaction with you (in other words, getting paid) is much lower than with a client who is working exclusively with them.

• **How do I find a good real estate agent?**

Several ways...

1. Ask people that you trust who they would recommend.
2. Look for a real estate agent that communicates well and who listens to your needs.
3. Notice the advertising of realtors- look for styles/information/benefits that you can relate to.
4. Ask the potential real estate agents that you consider for references of satisfied clients.

• **What if I want to use only one realtor, but she/he doesn't specialize in an area that I want to consider?**

Ask that agent for a referral. She can direct you to someone who knows that area well. She will get a referral fee from the other agent if you find a home there.

• **What's this referral fee all about?**

Real estate agents have an extensive network of real estate agents in other areas that we know are "good people"- efficient and professional. When you are relocating, or want to consider an area that your real estate agent doesn't work in, ask for the name of a good referral.

It's common practice in the real estate business to give a referral if- and when- that referral results in a sale. This fee doesn't come out of your pocket... it voluntarily comes out of the agent's commission.

In other words, it doesn't cost you a penny to get the name of a great professional who's ready to work for you.

• **OK, I've found the realtor I really like, and I'm ready to go. Any tips for me?**

1. Get pre-approved for financing before you search for a house. Interest rates and programs vary widely; it's to your benefit to talk to several lenders. Your real estate agent can suggest some great lenders if you don't know any.

Getting pre-approved is also usually free- it's no money out of your pocket, and a few minutes of your time will place you in a strong negotiating position when you find your home.

(Sellers love pre-approved buyers..... they'll take your offer more seriously. You also have the important benefit of knowing exactly what you can afford.)

2. Tell your real estate agent you want to sign an Exclusive Buyer Listing Agreement with them.

• What's the reason for an Exclusive Buyer Listing Agreement?

This is a legal document between you and your real estate agent, for a specified period of time, that commits you to your real estate agent, and your real estate agent to you. Basically, it says that if you buy a house, your real estate agent will get paid.

• What's the advantage to me to sign this Exclusive Buyer Listing Agreement?

- Well, for starters, you'll be at the top of your realtor's 'I-Want-Your-Time' list of people that your agent is working with.
- Your real estate agent will be ready and anxious to get things done for you.
- Your agent knows you're committed, you're loyal to him/her, and you're ready to buy.

That means your agent will get paid, who can then pay the electric bill and buy groceries- wonderful incentives to work harder. (Remember, folks, we real estate agents do this to make a living!)

• The first time I met this one real estate agent, he said he only works with buyers who sign the Exclusive Buyer Listing Agreement. Did I have to sign this agreement?

No. You are under NO obligation to sign any documents you're not sure about. Some real estate agents choose this approach. They want to be sure they "own" you before they put in work and effort.

You also have a choice. You can choose to say "No, thank you" and look for a realtor who will work with you.

The only time you should choose to sign an Exclusive Buyer Listing Agreement is when you think "Yippee! This is the real estate agent for me!" and you want to be that agent's top priority.

• I made an appointment to see a home with a real estate agent, and before I could see the house, he wanted me to sign some paperwork. What's this all about?

What your real estate agent asked you to sign was the Consumer Guide to Agency Relationships:

It is a state law in Ohio that a real estate agent must present this document to a potential buyer before showing a home to them for the first time. So, your real estate agent was abiding by the law.

The Real Deal: This was designed for your protection as a buyer. The Guide describes the different types of agency (how realtors represent clients and also how the brokerage does business (the brokerage is who the real estate agent works for).

In the past, there were problems where buyers misunderstood that the real estate agent was representing the seller, and would tell the real estate agent personal information that they shouldn't have.

The state wanted to correct this problem and make sure the buyer's rights were protected.

It's important to know the following:

1. This is not a contract; you are under no obligation to anyone or anything by signing you have received it.
2. The purpose of your signature is simply to prove to the State of Ohio that you have been shown these documents when the state decides to audit our records (and yes, they do audit our records).
3. Real estate agents are required by law to present these to buyers; you can choose to sign them or refuse to sign them. If you refuse to sign, we will simply note that you refused on our copy. (However, before you complete the purchase of a home they will need to be signed.) Signing the two documents makes your realtor's job a lot easier.



- Buy a House
- Get FREE Reports
- Make Your Move Easier
- Sell a House
- Check out Interest Rates
- Get Your Questions Answered!
- Take Advantage of Personal Homeshopper™

“Find Me My House!”

• **Why do realtors always say to me "Are you working with an agent?" It's none of their business.**

Two reasons... one is business ethics- we don't want to "steal" clients from other agents.

The other reason is they are trying to find out if there is a whisper of a chance that they might actually get paid from working with you.... if you are working with another agent, working with you is only a "labor of love."

Here's a BIG real estate secret most people don't know- Real estate agents spend most of their time working for free. In fact, we are often paying a lot of expenses to be able to "work for free!"

The Real Deal: Most real estate agents are straight commission people. The only time we receive money for our work is when a real estate transaction closes.

That's it.

The rest of the time we're working for free.

Of course, since we're living in a real world with bills to pay, we are motivated to work for free as smart as possible. Spending hours and hours working for a person who already has a real estate agent may not be the best choice towards eventually bringing dollars in the door.

So, actually, it is their business when realtors ask that common question (at least, they hope....).

• **How do real estate commissions work?**

Commissions are paid by the seller, not the buyer.

The commission amount can vary; enforcing a set amount is known as "price-fixing" and is illegal. A common commission rate in the Columbus area is 6-7%, with 7% becoming increasingly common. Commission rates can also be 8% or higher, or lower than 6%.

Using a 6% commission as an example, 3% is the common percentage that goes to the buyer's agent; the remaining 3% goes to the selling agent.

Actually, these amounts go to the agent's broker. If you were at a closing, you'd notice that the final commission check would not be in your agent's name, but in their brokers name (i.e., ReMax Affiliates).

These real estate agents will receive only a portion of that 3% amount. Depending on the brokerage they work for, they will get a "commission split," which could be 60/40%, 70/30%, or 80/20%, with part of this percentage going to the broker.

There are some realtors who get 100% of the 3% commission; these people pay for all their business expenses, with significant monthly fees that go to their broker.

The Real Deal: So.... the bottom line is- your real estate agent isn't getting rich with all of the listed commission, and retiring to Tahiti.

• **I'm an "assertive shopper." I've got a realtor that I'm working with, but I want to go out and search on my own. What's the best way to do this?**

1. Ask your real estate agent for 10-15 of his/her business cards. Carry a few with you to give out as you're searching.

2. At open houses, give the attending realtor one of your agent's cards. Signing a guest register is optional; you can sign your agent's name if you choose.

3. If you want to consider a new build and visit a model home, tell the sales associate you're working with a real estate agent and also tell them you want to register yourself and your agent.

(NOTE: There are many advantages to using a realtor when building a home (see the next page), but some builders are very fussy and have particular rules about the way your real estate agent gets registered- some refuse to pay a real estate agent if their procedures aren't followed.)

Talk to your real estate agent about this before you go out looking- she/he can give you great guidance.

4. If you find an interesting listing on the Internet, get the address or Multiple Listing number and email your realtor- she/he can get you all the information you wish.



TheColumbusTeam

Serving Columbus and the Central Ohio Area
614•888•6100

www.FindMeMyHouse.com

5. If you wish to see a listing and your agent is unavailable, you have the choice of calling the listing agent and scheduling a showing appointment with him/her. Tell the real estate agent who your agent is, and give your agent's card to him/her when you meet.

(NOTE: Remember, this agent is working for the seller. At the showing, be careful not to reveal any personal information that could benefit the seller; this agent will tell the seller anything that is to their advantage. If the home has potential, plan on scheduling a second showing appointment with your real estate agent attending with you.)

6. If you see a For Sale By Owner (FSBO) that you're interested in, get the phone number and address- call your agent and share this information. She/he can arrange for a showing for both of you to go to together. (Most FSBO's are willing to pay the 3% co-op fee to a buyer's real estate agent.)

Your realtor can then advise you on pricing, get information on comparable sold properties, look out for your interests, write and negotiate a contract, arrange all inspections, mediate any differences, assist with financing and attend your closing- all the same things we perform with standard listed homes.

• What are the reasons to use a realtor if I build a new home?

1. It doesn't cost you any more money than if you didn't.

With the exception of a very few builders who refuse to cooperate with real estate agents, most builders have a general fund that is used for marketing/advertising and real estate commissions.

The builder pays the fee-not you. Your realtor's commission is paid out of this fund. Think of it as an extra advantage you can use if you plan properly.

2. Your real estate agent is there to represent your interests.

Remember, the builder's employee is representing the builder's interests, not yours. Real estate agents have to disclose to you who we represent- that's the law. Builders are not bound by any such legal requirements.

Pssst..... Spread the word....
"Real Estate SECRETS You
Want to Know"
is available FREE for everyone!
Have those you know ask for
a free copy....

3. Your realtor can give you important advice on home design, features, lot selection, and amenities that will affect both your final price and the potential resale value of your home. Think of your real estate agent as a third set of eyes.

• When I asked my realtor to tell me what were the best schools and neighborhoods, she wouldn't tell me. Why?

There's a one-word answer- LIABILITY. A few other words could apply: lawsuits, discrimination, license revocation... the list goes on and on. As a parent, I understand your desire to have a great neighborhood and a good school for your children. As a realtor, I understand that opinions of what makes a good neighborhood and school system are both personal and subjective.

A good realtor will assist you by advising you on communities that match your family's interests (does your family like urban or suburban surroundings? Do you need easy access to parks, bicycle trails, or the shopping mall?) and by sharing available information on school systems (reports, magazine reviews, school web sites, etc.). Realtors can provide information; it's up to you to make choices.

• Why do I have to pay real estate taxes at closing when I've already paid them?

This is the most common question asked at the closing table- and often the toughest one to understand. "I've paid my taxes on time- they're part of my monthly payment. Why am I paying them again?"

Actually, you're not. You're having to "front" your tax money while you wait for your old mortgage company to reimburse you.

Here's why: Your tax portion of your monthly payment goes into an escrow account- this is a place where your mortgage company holds the money, waiting for the government to collect. However, the government is very slow to collect: for example, in December 2002, the government collected for property taxes from January 1, 2002 through June 30, 2002.

Let's say, for example, you are closing on February 1, 2003. By law, you have to pay all property taxes through the day of closing... that's from July 1, 2002 through February 1, 2003 (in this example, we'll say this amount is \$1500.00). This amount is given to the buyers- they will have to put this \$1500.00 into their escrow account to wait for the government to come and get it.

This \$1500.00 is part of your closing costs, because your bank will not empty your escrow account until your old loan is paid off. You'll pay \$1500.00 up front, and you should receive around \$1500.00 back from your closed escrow account about a month after closing from your old mortgage company.