Ask your Realtor® to refer you to a plumber or electrician, and he or she will gladly give you the name and phone number of someone they recommend based on their own experience—or the experience of a friend or client.

Sadly, if you ask the same agent to “recommend” an agent to list your sister’s house in Atlanta (or Aurora), what you will get is a “referral” that, more often than not, is based solely on the payment of a referral fee to that Realtor.

Since we agents have the resources and expertise to identify the best agent to list anyone’s home anywhere, I pride myself on doing just that—and why not?

Many Realtors go to the National Association of Realtors (NAR) annual convention or to their own company convention solely for the purpose of networking with fellow agents from other cities. The goal is to trade referrals. The conversation never entails a discussion of superior marketing of listings, or superior buyer representation. There are just two components to the referral process—liking each other personally and paying a referral fee. Although 25% is sort of an industry standard, some agents will hand out business cards with a big “30%” or “35%” in bold type, hoping to beat out other agents competing in that market for your referrals.

Back at my computer, I frequently receive requests for reciprocal links on my website, and agents would be crazy (like me) not to accept them. They’ll list me under Golden, Colorado, if I list them under their city name on my “links” page at www.JimSmith.com. I want nothing to do with these links, because I’m not going to “recommend” an agent who I don’t even know, just because he’s going to “recommend” me on his website.

After all, referrals can amount to big bucks. If an agent earns 3% on a listing referral for a $500,000 home, my 25% referral fee will total $3,750. For that big a paycheck, shouldn’t I be willing to spend a few minutes using my access to the MLS and other resources to assess whether this agent has good Internet presence, whether he “showcases” his listings on realtor.com, does virtual tours, and has good statistics in terms of days on market and ratio of sold price to listing price?

One could argue that with buyers, such criteria are not as important, but I’d still like to know that the agent is familiar with the market and has some experience and success in buyer representation. I look for designations like Accredited Buyer Representative (ABR).

The referrals which you get from websites such as Homegain.com, JustListed.com, HouseValues.com, and LendingTree.com (to name only a few of the “interceptors” in our business) are strictly fee based and have nothing to do with recommendation based on experience. Any novice can buy a ZIP code from these providers and I know from my own experience that they don’t concern themselves with the agent’s qualifications.

In Real Estate, Don’t Confuse ‘Referral’ With ‘Recommendation’

**By JIM SMITH, Realtor®**

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**This Week’s Featured New Listing:**

**Home in Golden’s Village at Mountain Ridge**

New on the MLS today is this well-kept 4-bedroom, 3½-bath home in Golden’s premier family neighborhood. It is across the street from the entrance to White Ash Mine Park, and in walking distance of Mitchell Elementary and an open space trailhead. It’s on a rare 1/3-acre lot with a fenced backyard which includes a year-round water feature, flagstone patio, professional landscaping and two wood decks. Take the video tour at the web site shown, then call me. **Open this Saturday, 1-4 p.m. ($385,000)**