

Real Estate Today

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'One-Stop Shopping' Might Not Be in Your Best Interest

By **JIM SMITH, Realtor®**



Like other industries, real estate companies (and developers) are always looking for additional “profit centers” and will portray these additional “services” as being of assistance to their clients by providing “one-stop shopping.” Sometimes this may be true, but, more often than not, you, the client, are paying a price for this “convenience.” Let’s analyze that price.

In previous columns I have written about title insurance rates, which can vary greatly. Many real estate companies have “affiliated business arrangements” with (or outright own) a title company. Your listing agent knows the following about title insurance: (1) It’s unlikely you’ll do any comparison shopping that might reveal you could be paying hundreds more by using the title company which he/she recommends. (2) If this agent gets you to use the in-house title company, he or she may be rewarded in subtle, legal ways that serve only him and not you.

How about mortgage companies? The large real estate company I started out with not only had an in-house title company, but also an in-house mortgage company. If an agent there gets his or her buyers to use that mortgage company, it increases his chance of receiving incoming referrals — future clients. If he does

not play this “company game,” another agent will get those referrals. To make this happen, all incoming referrals from the in-house relocation company would always go to the managing broker, so that the managing broker could dole them out “appropriately.” The managing broker would convince his or her mostly novice agents that this “one-stop shopping” was an advantage — a point usually accepted by the agents’ equally inexperienced clients. Myself, I felt it went against the very intent of the agency relationship with clients, which is defined by law as working “solely on behalf of the client to promote the interests of the client with the utmost good faith, loyalty and fidelity.”

Frequently I receive telemarketing calls or emails trying to interest me in making a commission on my buyer’s mortgages, not just on the real estate transaction. And often I will see that a buyer of one of my listings is getting the mortgage loan from the spouse of the buyer’s agent — or from the agent himself. Maybe the buyer is getting the best possible deal by that arrangement, but knowing that the agent steered the client to a relative certainly raises questions of self-dealing.

The Colorado Real Estate Commission requires the disclosure of “affiliated business arrangements” on a form bearing that title. If your agent wants you to do business with one of those affiliated businesses, ask yourself whether this is to your advantage or just to your agent’s.

This Week’s Featured Listing

Price Reduced on 2-Story with Main-Floor Master

Aging Baby-Boomers (like Rita and me) look for homes with main-floor masters, and usually we have to settle for one-story homes. This home has the feeling and functionality of a ranch — a main-floor master with his & her walk-in closets, plus a main-floor study — but with two bedrooms and a bath upstairs for guests or children. The fully finished basement has a fourth bedroom, children’s play room, home theatre with wet bar, and another study. **Open Sat., 1-4 pm.**



Jim Smith

Broker Associate
RE/MAX Alliance

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303-525-1851 Email: jimsmith@remax.net

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