

Incentives to Buyers' Agents Can Constitute an Invitation to Cross Ethical Line

At a Realtor marketing session last week (where my fellow agents and I promote our listings to each other), an agent emphasized that he was offering a big bonus to any agent who presents a full-price offer on his listing.

After the agent concluded his presentation, I couldn't help but raise my hand and tell him that his offer made me uncomfortable. Since this is not the first time

I've seen such an incentive offered, I'm going to use this week's column to explain my discomfort.

When I am a buyer's agent, I sign an agency agreement in which I commit to "promoting the interests of Buyer with the **utmost good faith, loyalty and fidelity**" and "seeking a price and terms that are **acceptable to Buyer**." The Real Estate Commission's

definition of the agency relationship spells it out this way: "A buyer's agent works **solely on**

behalf of the buyer to promote the interests of the buyer with the utmost good faith, loyalty and fidelity. The agent negotiates on behalf of and acts as an **advocate for the buyer**."

It should be pretty obvious that by offering me an incentive to produce a full-price offer, the listing agent is inviting me to violate my

duty to negotiate for a lower price.

To his credit, the agent thanked me for pointing this out and volunteered that he would reconsider that incentive. And to the credit of my fellow Realtors at that meeting, several chimed in their agreement with what I had just said.

Posing less of an ethical dilemma are offers of bonuses to buyer agents for submitting any

offer at all, but it still gives me pause when I see it. Such offers are not of themselves unethical, so long as they are disclosed to the buyer, but nevertheless the very intent of the offer is to encourage me to get my client to buy one house over another based on my compensation, rather than on that client's best interest.

The typical "co-op" commission in the Denver market is 2.8%. That means that the listing agent will share that much of his commission with the agent who brings him a buyer. Recently, a buyer client of mine fell in love with a home which offered only a 2.3% commission to me as her agent. I had showed this woman over 100 homes and would have liked a bigger paycheck for my effort, but I wouldn't have dreamed of trying to steer her away from that house so that I could earn more money, and to this day that client has no idea that I was paid less than normal.

But that's the way it should be.

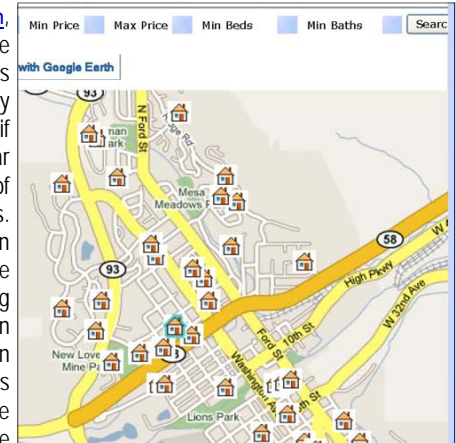
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By **JIM SMITH**,
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How "Search by Map" Works on Our Website

At www.GoldenRealEstate.com, you can search the MLS in the conventional way, but there's also a button labeled "Search by Map," which is more useful if you're searching in a particular area. At right is a screenshot of it to help explain its usefulness. It opens with a map of Golden proper, with icons (from a live MLS data feed) for every listing of every price and type. You can drag this map in any direction and it repopulates with listings for that area. Above the map are fields you can use to reduce the listings based on several criteria. Float your cursor over an icon, and up pops a picture of the property with price and address. Click on it and you get a bigger picture and more information. You can change the map to a satellite photo, too.



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