

### **Real Estate Agent Checklist – Buyers**

Before hiring a real estate agent, investors should thoroughly consider the kind of assistance they need. First, what property types are you willing to invest in? Second, what is your level of experience? Third, how often do you plan on purchasing properties? Last, how quickly do you plan on selling the property? With that in mind, this general list should provide a good opening road map to analyzing how a real estate agent will perform.

### **Questions**

1. How long have you been selling real estate and how many transactions have you done in the specific area where I plan on investing?

*Good Answer: 5+ years and an above average number of transactions. After interviewing three or four agents, it should be obvious who has done well and who hasn't.*

*Bad Answers: Anything confrontational or clear avoidance of the question. Even if an agent hasn't done a lot of transactions they should be able to provide good reasons for their lack of closings.*

2. Tell me what you think about the real estate market in this area? Ask follow up questions to get beyond their canned answers.

*Good Answer: Shows a good understanding of trends and is not overly optimistic or pessimistic. More concerned with you understanding the market and the types of products offered, than they are with getting you to buy something today.*

*Bad Answer: Too optimistic or too general. Both of these are characteristics of a sales person and not a good real estate agent. Be sure to press them on why they have the opinion that they hold.*

3. Are real estate sales your sole source of income? Do you have another job?

*Good Answer: Yes and no, I do not have another job.*

*Bad Answer: Anything else.*

4. Do you invest in real estate in this area?

*Good Answer: Yes, I have a modest portfolio of deals I have been able to access via my connections with local investors; however, my clients come first. Also, No, with the same, my clients come first answer.*

*Bad Answer: Simple no or yes, I own and manage a large portfolio. You want an agent that earns their primary income from helping others buy and sell real estate, not from managing their own portfolio. If it's too large, you can guess where all the good deals are going.*

5. What kind of contacts do you have in the areas of mortgage brokers, contractors, other investors, real estate lawyers and real estate tax accounts?

*Good Answer: I can provide you a list of contacts in each area you mentioned and recommend the contacts I use most often. An agent may be hesitant to provide you with contacts of other investors, but based on his/her answers to these questions; it will be fairly obvious whether those contacts are real or not.*

*Bad Answer: My firm has a list of contacts to choose from. You want someone that has enough experience and connections to know good and bad service providers and steer you to the best.*

6. Do you receive payment for your endorsement of any of the above?

*Good Answer: No or yes, but I only recommend service providers based on the past experience of my clients.*

*Bad Answer: Anything but the above.*

7. What kind of clients do you work with?

*Good Answer: I traditionally work with small real estate investors. I have a handful of investors that I do a lot of transactions with and I may work with a home buyer on a one-off basis.*

*Bad Answer: Mostly residential home buyers. If you are buying residential homes, you still want a broker that works with investors. Typically, homes in need of cosmetic repairs or with other issues a potential investor might be able to profit from are not purchase by primary homebuyers.*

8. What has the time on the market been for the properties in this area and what are the average discounts to offer price?

*Good Answer: An easy to understand stat sheet with additional color comparing today's environment with the environment of the past.*

*Bad Answer: I don't know or let me send you a print out when I get back to the office. Anyone can send you a print out, but a good realtor will put it in prospective.*

9. Talk about the last three properties you helped your clients purchase.

*Good Answer: Three investment properties that line up well with what you intend to purchase.*

*Bad Answer: Three residential homes for homebuyers or three properties well out of your scope of investing.*

10. Do you work exclusively with buyer or do you work with buyers and sellers?

*Good Answer: I am a buyer's agent and I work exclusively with small investment buyers. This is perfect because buyer's agents traditionally have more time to spend showing clients properties, understand negotiating from the buyer's side better, and have a better network of sellers of the property type in which they work. Notes, some buyer's agents will sell homes for the buyers they work with. This is not a deal breaker.*

*Bad Answer: I work on both sides of transactions and I currently have 5+ properties on the market for sellers. This is bad because their plate will be too full to show you the proper attention.*

11. Bonus Question: I am planning on pursuing the following investment strategy; can you give me some perspective on how you feel that would work in this market?

*Good Answer: Either that does or does not make sense because of the following market factors. I have seen my other clients do this and it has worked fairly well over time in this market.*

*Bad Answer: No answer or complete agreement with no analysis of why your strategy is good or bad.*

Typically, you will not need to get through all of the questions in an interview. Some realtors will select out of the process by refusing to be interviewed. Others will answer so poor on the first two or three that it won't be worth finishing the interview. In addition to tracking the answers to the questions, make sure you feel comfortable with the person. Even if a realtor seems perfect, but you don't get a good vibe, keep interviewing. Remember, you are building a long-term relationship with a professional that could help you for years to come. It's better to start off with someone you like, who may be less experienced, but extremely passionate about real estate, than to have a veteran who constantly clashes with your personality.

No realtor will answer all of these questions perfectly. The point of this exercise is to confirm that you have a strong investment focused agent that can be an asset to your business going forward. As a buyer you implicitly pay 3% for your agent's services. As an investor you should always be looking to get value for your money.

Finally, don't forget to check references. A great interviewer might not be great to work with. Professionalism and timeliness are very hard to measure, but you know they are lacking when you don't have them. These simple questions will give you a leg up on the competition and provide you a helpful advocate when it comes to investing in real estate. Novice investors should stick with these questions and ask/follow their chosen professionals advance closely. Use this checklist in conjunction with the [Cooksquared Blog](#) to start investing in real estate today.