



## Buying Without An Agent

*What you need to know to go it alone*

Ben Warren  
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The vast majority of home sales in the U.S. are brokered by professional realtors. The sheer dollar amount makes home buying and selling the most financially significant transaction most people will make in their lives. Add to that the often arcane state and federal policies regarding mortgages, inspections and insurance, and it's little wonder why most people choose to outsource the entire process to a professional.

Still, a small but significant number of people do decide purchase without representation. The two- or three-percent commission that agents typically take home can be a sizable chunk of money, and some buyers would rather do the work on their own and keep that chunk for themselves.

If you're one of those people, you'll need to be prepared. Before you even get started, here's what you need to know.

## Finding a home

Finding a home for sale that meets your requirements use to be squarely in the domain of the buyer's agent, who had the time and resources required to find every open listing and sort through them according to your specifications. Today, listing sites like Redfin, Zillow and Trulia have opened the doors for unrepresented buyers to quickly and easily find listings themselves.

But finding a home is just half the work. You'll also need to learn about the neighborhood, market values, school district and any other local trends, policies and info. Fortunately, the internet has made that research much more accessible than it used to be as well.

## Deciding on an offer price

Once you've found a home you want to make an offer on, you'll need to figure out exactly how much the home is worth in order to make a successful bid.

Find out how much similar homes in the area have sold for. Don't look to asking prices for other active listings in the area, as those are likely inflated. Some real estate sites provide free comparative market analysis (CMA) tools that can help find an accurate valuation. If you're willing to pay the extra fee, you can also hire a professional appraiser to assess the home and provide a valuation.

Crucially, you must account for the buyer's commission in your offer. Make sure the seller is aware that they will not be required to pay out the buyer's agent's share of the commission and your offer price has been lowered accordingly.

## Finding a loan

Assuming you aren't paying with a briefcase full of cash, you'll need a loan, and you'll do best to get pre-approved for a loan before presenting your offer to the seller. Pre-approval will assure the seller that you are good for your offer.

You'll want to talk to a number of different lenders, including banks and credit unions, to find the best rates and lowest fees. Once you've decided, you'll need to gather all the required paperwork for pre-approval, including two years of W2s, three month's of pay stubs, two years of tax returns, and a comprehensive credit report, including credit cards, existing loans and any other debt.

## Making an offer

At this point, unless you are a licensed real estate attorney, you have little choice but to hire help. You'll need a professional to prepare the necessary contracts and documents. The fee typically falls within the \$300-\$500 range.

It is essential that your offer stipulates contingencies that will protect you if the deal falls

through or if the home inspection turns up deal-breaking info.

Once you come to an agreed-upon sale price with the seller, your real estate attorney will draft a sales contract, which you'll submit to your mortgage lender to begin the closing process.

Do your research

This primer is just a birds-eye-view of the process. Buying a home without representation will take significantly more work than it would with a realtor, and before diving in, you'll need to study each step of the process so that unexpected costs or a poorly negotiated sales contract don't wind up costing you more than a buyer's agent would.