

When Is A Broker Not A Broker?

June 1, 2014

Dear Dave: I was speaking to my Realtor who says she is Associate Broker for one of the local Real Estate offices here in Fairbanks. Then I saw a business card of someone else in her office and he also claimed to be Associate Broker. Can a Real Estate office have 2 associate brokers?

Answer: A Real Estate office can have only one Broker, who is legally responsible for all the activities of that office, but there can be any number of Associate Brokers.

When a person is licensed in the State of Alaska to practice real estate, the initial license is for a 'Real Estate Salesperson'. After 2 years of practice, a licensee can study and qualify as a Broker, and be licensed as such. A Broker's license allows that person to run their own real estate practice. There are many Realtors who obtain this higher rank of qualification (myself included), but choose to remain in an existing office. In such a case they are called an 'Associate Broker' – that is, qualified to be Broker, but not 'the Broker' in that particular office.

Dear Dave: We are holding off on buying a home because we think interest rates will go lower. Is this a good idea?

Answer: Bad idea! Current Interest rates at 3.75% for a 30 year FHA loan (or 4.25% Conventional) represent a low for the rest of 2014. Any rate close to 4% is extremely attractive and homebuyers may expect rates to creep upwards from here.

Dear Dave: Hi, I have a number of questions. My husband and I own a mobile home which we purchased in haste when we first moved to Alaska. We have outgrown our current home and would like to move to the Valley, where our dream is to buy land and build a log home on it. While we are paying off the land I thought we could buy a modest home in the Valley as our mobile home would not survive the trip to the vacant land. We have \$18,000 equity in the mobile home. Should it go to the house, the land, or the new construction?

Answer: Everyone has dreams of an ultimate home, and dreams can and should come true. Your question is complex. You are asking how to get from 'A' to 'Z' when there are a lot of other unknown letters in your alphabet.

My advice to you is to find a good Realtor in the Valley, and there are many of them. Sit down with the Realtor and lay out the details of your current status and the time frame of your plans.

A question like yours does not have a simple answer, but I thank you for it because it is an excellent example of why a good Realtor, with local knowledge and experience, can be invaluable to families like yours.

Precisely how you should use your \$18,000 as a stepping stone to your dream can be determined in consultation with the right professional. Call in to 3 different valley offices and ask for the Broker's recommendation of someone who can help you. Meet all 3 and go with the one you feel is most understanding and resourceful.

Dear Dave: We wanted to use our Realtor when we bought a For Sale By Owner (FSBO), but the Seller said no Realtors were allowed to participate in the transaction. Why can't you use a Realtor when buying a FSBO?

Answer: You Can! Nobody can stop you having a real estate licensee represent you in a transaction. You can hire a Realtor to represent you as the Buyer any time you want.

In 95% of Real Estate transactions, the Seller first hires a licensee to sell the property. In turn, the property is multiple listed and the listing licensee offers part of his brokerage fee to the Selling Office through MLS as the marketing incentive to any buyer's representative.

Hence, a licensee representing the Buyer is paid at closing out of the Seller's fee to their licensee, even though the buyer's representative is not working for the seller. This has become convenient for buyers who can retain the services of a Realtor, in effect, free of charge.

In the case of a FSBO, a licensee representing the Buyer can only represent you after negotiating remuneration since, otherwise, they won't be paid for their work unless the FSBO is willing to pay. Some FSBO's will agree to pay your Realtor's fee, but in many cases they have no interest in doing so. Therefore, you will need to make separate arrangements to remunerate your Realtor.

This is often incorporated into a 'Buyer Representation Agreement' that buyers should discuss with their chosen Realtor at the beginning of the relationship.

Dear Dave: When buying a condo how do you know whether pets are allowed? I am afraid of signing a contract if my two dogs can't go with me.

Answer: Ask your Realtor to find out what the rules are regarding pets, or make the information a condition of your offer. Rules can vary in different condo developments. A simple telephone call to the Association Management should answer your concern.

In any event, you must be given a "Resale Certificate" before you close on any condo purchase. Under the Uniform Common Interest Ownership Act of Alaska, a condominium owner must provide a full disclosure of the Homeowner's Association to the buyer. This hefty document, containing all sorts of information about the Association, including by-laws and house rules, is prepared by the Association Manager. Under the same Act, a buyer has 5 days to review the Resale Certificate and, if not completely satisfied, can rescind the contract to purchase without penalty.