What are some of the pros and cons of broker tours?**

**Mortgage banker:** Steve Greenberg

**Home value:** $2,495,000

**Loan amount:** $1,880,000

**Loan terms:** Conventional mortgage

**Backstory:** Berkshire Hathaway’s clients were both recent college graduates and now public school teachers buying their first home and working with a local real estate agent. As they were just starting their careers, they were finding the burden of their student loans and keeping a more affordable price point so their monthly mortgage payments would be in the same boat that they had been in before.

One of the deciding criteria lenders look at when setting mortgage interest rates is a consumer’s loan-to-value ratio. It’s the percentage of the purchase price that the loan is for. The more you put down up front, the less money the bank has to loan, which is why lower interest rates are usually available when there is a larger down payment.

When you list your home for sale, your agent may recommend a “broker tour.” Think of it like an open house that’s exclusively attended by agents and brokers in the area. It’s a great way for a property to get a lot of exposure. However, there are both benefits and drawbacks to hosting these special events.

First, the cons. When agents tour and talk amongst themselves about the property there is a lot of information that can be perceived false about it. For instance, the property may be an older home and in need of some updating or improvements, or despite being in a desirable location on a great lot, it’s the comment about necessary updates that prompts a mention. That kind of criticism can create the impression that the home is overpriced and not worthy of a buyer’s inspection or even consideration if they’re not expressly in the market for a “fixer-upper.”

It’s important that your listing agent address these comments and justifies the price and value that you quote. It’s also important that you consistently point out the pros.

Now, the pros. More often, the feedback that listing agents receive from other real estate professionals is irreducible to sellers. Agents have to understand the exceptional qualities that their sellers have taken for granted, and sometimes disclose their clients’ value to their buyers. Professional real estate agents can help an agent target the marketing budget for those special events.

This just this week, I hosted a broker tour where the buyers were a Y generation couple looking for a very specific renovation. The husband is a Yogenfex addict in the kitchen, and they’re looking for a home that has an air-conditioning system.

In this case, the mortgage insur- er agreed to write a second mortgage to the buyer for a significant amount of the purchase price. If that were used for the new count- ry kitchen and the master suite, for example. These are details that prospective buyers will want to consider when making a decision on whether—and what—to buy.

Overall, the benefits of hosting broker tours outweigh the poten- tial drawbacks. When negative comments do arise, a good listing agent should consider it to be constructive criticism, and prepared to counter them with an informed and fair presentation of the price, highlighting all of the prop- erty’s best assets.