



SELLERS – THE LISTING BASICS

Types of Listings

There are several different types of listing contracts, but very few of them are used. The "Exclusive Right to Sell" is the most common, but there is the "open listing," and the "exclusive agency listing."

Open Listing

The "open listing" is mostly used by people trying to sell their home by owner who are also willing to work with real estate agents. Basically, it gives a real estate agent the right to bring buyers around to view your home. If their client buys your home, the agent earns a commission. There is nothing exclusive about an open listing and a home seller can give out such listings to every agent who comes around. For that reason, no agent who accepts an open listing is going to market your home or put it in the Multiple Listing Service. If your home fits the criteria for one of their clients, and it is convenient, they may be willing to show it to their client.

That is all an "open listing" is good for.

Exclusive Right to Sell

Giving a real estate agent the "exclusive right to sell" your property does not mean that there will not be other agents involved. Your agent is the listing agent and the most important part of his or her job is to market your home to other agents who work with buyers. Those agents will show your home to their clients. Regardless of who sells the home, even if you sell it yourself to a friend at work, your listing agent will earn a commission.

If you want full service from an agent and his or her company, this is probably the only type of listing they will accept. Full service means an agent will advertise your home, place it in the Multiple Listing Service, market the home to other agents, and perhaps even hold open houses. This requires an expenditure of both time and money. Only with an "exclusive right to sell" does an agent have a realistic expectation of earning anything on their investment in selling your home. That is why it is the most common type of listing. Of course, the agent and their company still have to perform in order to get paid -- your home has to sell.

Price and Terms of Sale

When setting the terms of sale, the main thing you are concerned with is the price. You should have a basic idea of what your home is worth by keeping track of other sales in the neighborhood. Plus, you have probably interviewed at least two real estate agents and they have given you their own ideas. Exercise great care in determining your asking price, making sure not to set it too high or too low.

Real Estate Commission

In most areas there is a "customary" percentage that real estate agents and companies expect to earn as a commission. The percentage varies from region to region, and depending upon whether it is residential real estate or commercial real estate. However, just like anything else in real estate, this amount is negotiable. When completing the listing agreement, you and your agent will agree on the amount of the real estate commission.

The listing contract also specifies when the commission is earned. This is important and you should pay close attention: If a ready, willing and able buyer presents an offer that meets your listing price and terms, the agent has effectively earned the commission at that time. If a buyer presents an offer and you reach agreement on price and terms through counter-offers, the agent has also earned his or her commission.

Sellers occasionally get cold feet, just like buyers do. If this is going to happen to you - make sure you consider it *before* you agree to terms with a buyer. Once you reach terms with a buyer, you have incurred two contractual obligations. One is to the buyer and the other is to your agent. If you should decide to cancel just because you've changed your mind about moving -- the agent has earned their commission according to the terms of most contracts. They will probably want to be paid.

Agency Duties of a Listing Agent

Many people think of the real estate agent as a salesperson. Many agents (perhaps most agents) would jump at the chance to be "just" a salesperson. But they aren't just a salesperson. Most states have legislated it so that real estate agents are also -- agents. An agent is "responsible" to their clients. They have a duty, called a "fiduciary duty." This means the agent is responsible to act in the best interests of their client. A car salesman does not have to act in your best interests -- they just have to sell the car. It isn't that simple for real estate agents.

Real estate agents not only have to sell the house, they have to be responsible. That involves a lot of liability, which is one reason for all the disclosures and the pages and pages of contracts, and why they want to be paid for being more than "just" a salesman. The listing contract will specify that your agent is acting as a "seller's agent." This means that, in the sale of your house, they are working for you and only you -- and looking out for your best interests.