

HOME SELLER TIPS FOR CHOOSING A REAL ESTATE AGENT



Home sellers spend about \$100 billion a year – almost always 5-6 percent of each home sale price – on real estate commissions. These commissions purchase agent services that can vary greatly in quality. Here are some tips about how home sellers can select a real estate agent that provides good value.

Before searching for an agent:

- Consult estimates from online sources for ballpark estimates of the value of your home.
- Search online for houses like your own to learn more about potential pricing, time spent on market, and any markdowns or markups.

Identify several agents to interview by asking friends/associates for suggestions and by searching online for information about individual agents. Avoid referral agencies that, despite claims, do not recommend the best agents and, in collecting a portion of your commission, reduce your agent's incentive to provide full service. For each agent, consider:

- Whether they have listed and successfully sold homes recently.
- Whether these properties are in your geographic area and in the price range of your home.
- In the price history section of each property, how long these homes took to sell and whether their price was marked up or down.
- How the agent's firm displays homes for sale on their website.
- Whether there are a large number of positive customer reviews about the agent with detailed information about seller experience with this agent.

Select at least three agents to interview and ask them the following questions:

- **Representation:** Whether the agent will represent your fiduciary interests -- that is, whether they will be completely loyal only to you - throughout the entire sales process, even if they locate an unrepresented buyer.
- **Delegation:** Whether the agent will work with you all the time or delegate much work, including showing properties and responding to your calls or emails, to other team members.
- **Length of contract with agent:** While the most typical length is six months, a sensibly-priced property should take far less time to sell. Ask the agent about a 90-day contract.
- **Recommended sale price:** If this suggested price is much higher than those of similar properties, your skepticism may be warranted.
- **Recommended property improvements:** Look for candor here. To obtain your business, an agent may be tempted to downplay improvements needed to make the sale.
- **Recommended marketing:** Most importantly, ask whether the property will immediately be placed on the local Multiple Listing Service (MLS). Agents have a financial incentive to delay this listing and search for a buyer among their clients or clients of their firm, raising conflict of interest issues.
- **Commission:** Despite near-uniform rates in an area, you may be able to negotiate a lower rate, especially if the sale price is high, you are selling and buying different properties with the same agent, or your agent also recruits and works with the buyer. It is important, though, that any rate reduction come from the listing agent's portion of the commission, not that paid the buyer agent, who then may have less incentive to show your property.

