

FINAL QUESTIONS FOR YOUR PROSPECTIVE LISTING AGENTS

The next set of questions is of greatest importance and, unfortunately, will take many by surprise. These questions deal with the agent's personal negotiating record and will give an indication of negotiating skill. Do not omit these questions. A favorable response is mandatory. The answers have a direct bearing on **your bottom line**.

What is the selling-price-to-asking-price ratio for your listings? In other words, when an offer arrives, how close to full price are you able to negotiate for your sellers? The answer is too important to rely on an estimate or recollection. Be sure to see a written tabulation of MLS data from the agent's recent sales. Since many agents will not have this information readily available, ask that it be sent along or dropped off at your home as soon as possible. A survey of six top selling agents from several different firms revealed personal averages between 85% and 96%. To determine the importance of this single question for yourself, just calculate 11% of your home's value. This is the difference on your bottom line between selecting a 96% agent and an 85% agent. And you can surely do worse if you leave the matter in the hands of fate by failing to obtain a definitive answer to this question.

What is the industry's average selling-price-to-asking-price ratio? Every knowledgeable agent needs to have some idea of this ratio whether working with buyers or sellers. Compare this answer with your candidate's answer to the question above. Is your prospective agent's personal record better than the average? The average also has great value when setting the asking price, after you have an idea of the fair market value of your home. The correct answer is often between 95% and 99%. Ask your agent to determine the latest figure.

By now your candidate is in awe. Are you an agent? How did you ever learn so much about real estate? DON'T TELL. The fun is just starting. You are about to find out, firsthand, how good a negotiator you have. Ask what commission the agent charges. Remember that commission rates are not set in any manner by any body, or by anybody. They are set by negotiation between you and the broker, which strictly speaking, is the real estate firm. You may assume that the agent has some latitude to speak for the firm regarding commission, so go ahead and ask. Plan to have two or three reasons why you should pay a lower commission than that requested. Be prepared to press your point a bit.

Eliminate any agent who is willing to give up a significant part of the commission. Why should you pass up such a saving? Some reasons follow:

- ◆ For an agent to request a commission and then be negotiated out of it indicates a lack of negotiating skill. You need an agent who is an even **better** negotiator than you are.
- ◆ When you are successful at cutting the price, you will wonder later whether the agent is cutting the service. Do not sow the seeds of mistrust!
- ◆ Most of all, if an agent is so careless with his or her own commission, you will not want to trust his or her counsel for **your** money at the contract negotiating table.

Score extra points for the agent who explains that the commission structure is set to be uniformly fair to each client: past, present, and future.

The following are optional questions of lesser importance.

Do you specialize in my type of property? If your candidate makes such a claim, find out how such specialization benefits you. **Remember that your listing agent will rarely show your home in person and therefore will rarely get to impress a potential buyer with his or her expertise.** Also, what kinds of business does the agent refuse in order to specialize? With modern technology and a little ambition, it is very easy to cover the entire residential spectrum. Ask yourself why an agent chooses to be self-limiting by specializing.

Will you market my home alone or with a team? Suit yourself; it can work either way. Are you being given a choice? Ask who will be your main contact.

If you use the following questions, have the agent's business card handy for reference.

Are you licensed as an agent or as a broker? A broker's license requires more education, testing, and experience.

Did you win any sales awards last year? Most firms as well as the Realtors' associations give awards. An award can generally help substantiate an agent's experience claim.

Have you earned any professional designations? These are usually based on classroom education. While professional designations are valuable, remember that they are not a substitute for experience.

The following are a few questions that are better left unasked.

Do you currently have a buyer for my home? This question invites trouble. First, the theoretical likelihood of this happening is probably about one sale in 25 million. In practice it probably occurs more often, maybe one sale in two thousand. (Not great odds.) Second, if you still think you are hiring an agent to find your buyer, **throw this newsletter away!** If the agent **does** have your buyer in waiting, be assured that he or she will be on your doorstep as soon as your home is listed, no matter who you list it with. If you are really enticed, tell the agent that he or she will **not** be your listing agent but that you will execute a three day listing with him or her for **named** buyers at a reduced commission. But keep your eyes open for trouble, delays, or both.

Answers to the questions in this series will ensure that your agent has, without doubt, the experience, market knowledge, and personality to serve you well. In addition, you will be assured of your agent's communicating and negotiating skills, which are absolutely crucial to your success, especially in this era of buyer-brokerage.

Do not forget that your feeling of trust, your agent's computer literacy, **and** your agent's negotiating expertise are the most important factors in selecting an agent. Your agent's superior record is proof of market knowledge and experience. No doubt this has been an exhausting procedure but rewards will accrue in personal satisfaction, time, and money. Once you have chosen your agent, the rest is easy.

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