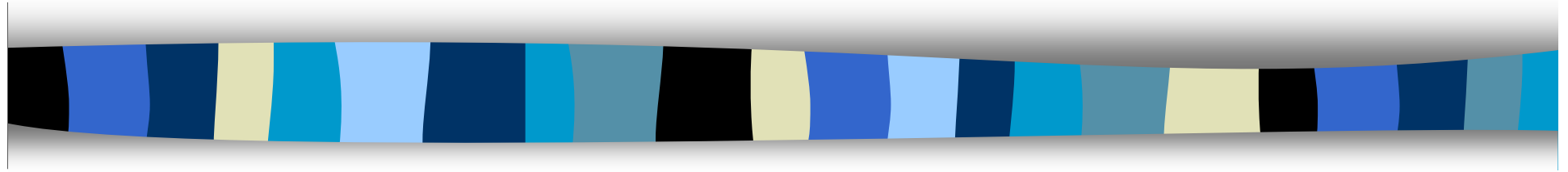


# Chapter Six



Listing  
Property

# Chapter 6



- Explain the comparison between a listing contract and employment agreement
- Name elements of a standard listing contract
- Identify the elements of the Seller's Advisory form
- Prepare a seller's net sheet
- Prepare a comparative market analysis (CMA)
- Describe the listing presentation process



# A. The listing Agreement

- An employment agreement between
- Employer = property owner
- Employee = R. E. BROKER/Agent
- Salesperson represents the firm for the designated broker (Agency=Ch 3)
- The listing agreement contains the specific terms of employment, job description, price, terms, compensation.
- Contains:
  - safety clause (protects agents)
  - See Appendix A-1 for listing form (LA-11) Pg 61



## B. The Seller's Advisory

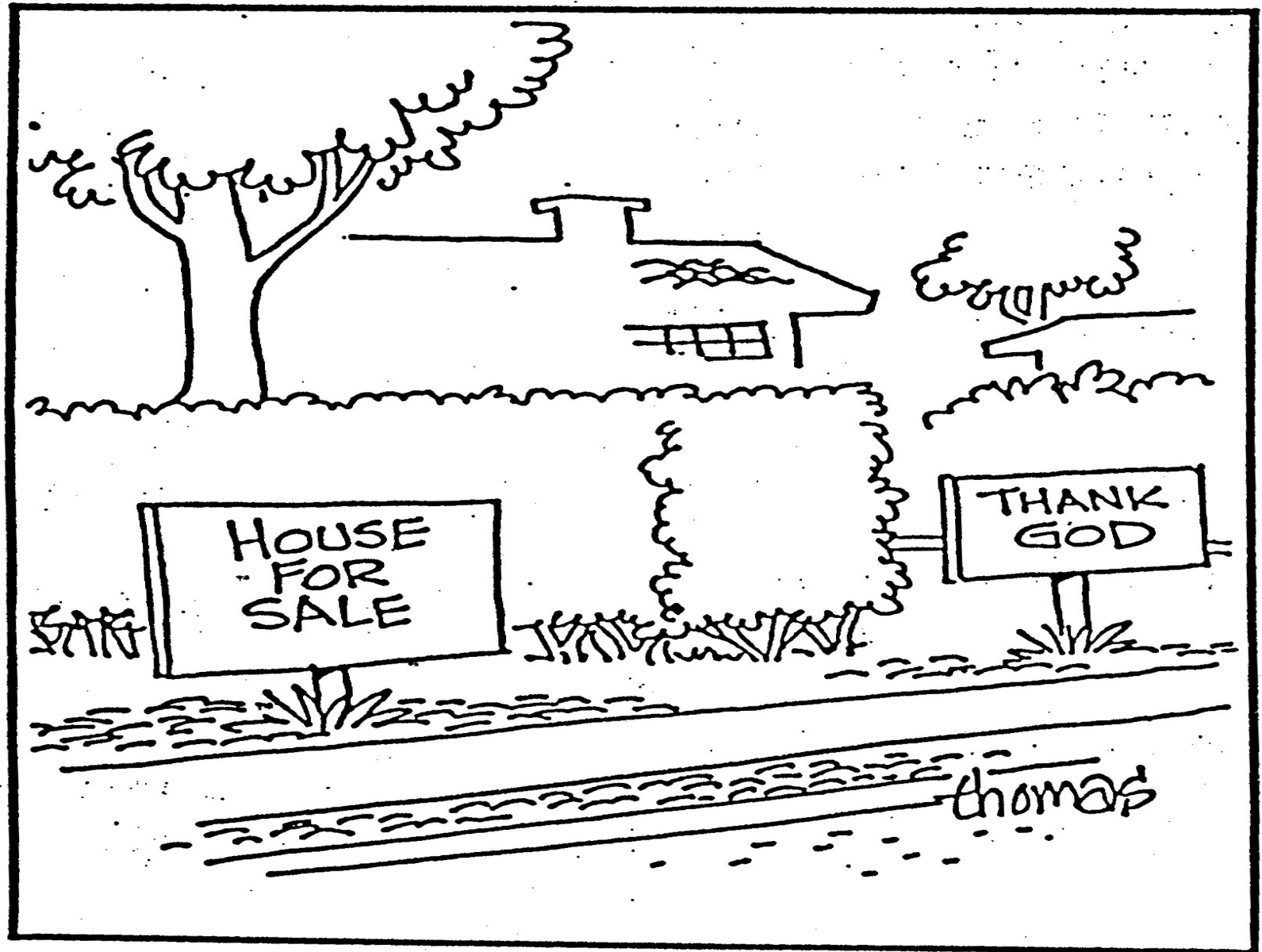
- The Form
  - Spells out disclosures
  - On the part of the seller
  - And on the part of the listing agent
- prudent practice for agent to use the form
  - Signed by seller with listing agreement
  - Discuss the points prior to signing



# C.Seller's NET Sheet

- Licensees access from:
  - No standard form: Get from title Company, escrow company, MLS, computer programs or franchisor.
  - Preprogrammed fixed costs for expenses.
- Expenses differ from Northern California to Southern California
  - due on sale ordinance is common
  - See Appendix A-16
  - private transfer tax
  - escrow officer can give estimated net
  - Rule of thumb – use a percentage
  - Estimate higher, not low
  - An excellent listing tool
  - Give client service
  - Remember the number they want to hear and give a range of proceeds not a fixed amount.

# For Sale By Neighbor



## D. COMPETITIVE MARKET ANALYSIS (CMA)

- Comparing Market Value of recently Sold comparables to Subject Property
- Licensees are legally liable for basic representation
- Easiest method to learn and use and understand
- Most applicable for Single Family Residences
- numerous styles and formats
- Must be complete with accuracy
- Agents use “comps” found in MLS

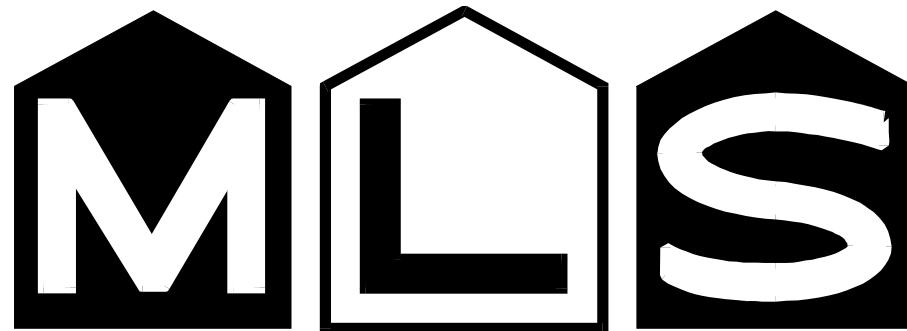
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# MULTIPLE LISTING ASSOCIATION

1. May not require exclusive or exclusive right to sell
2. May not agree to set commission rate.



**MULTIPLE LISTING SERVICE**



# SOURCES OF MARKET INFORMATION

- Multiple Listing Services (MLS)
- Past listings from your own office
- Real estate advertisements
- Other brokers, salespersons, loan officers, etc.
- Knowledge gained from doing business in area
- Title company property profile report

# CMA

➤ **SOLD PROPERTIES**- “market value” (multiple offers)

<u>Address</u>	<u>Bed/Bath</u>	<u>Size</u>	<u>Days OM</u>	<u>L Price</u>	<u>S Price</u>
123 Elm	3/1.5	1650	65	\$265,000	\$265,000
234 Fir	3/2	1800	75	275,000	270,000

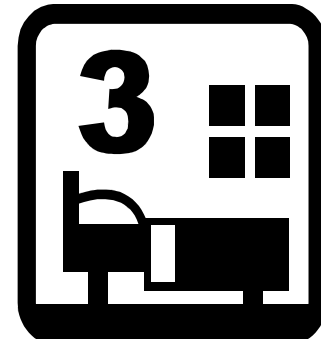
➤ **CURRENTLY ON THE MARKET** - Competition Address

<u>Bed/Bath</u>	<u>Size</u>	<u>DOM</u>	<u>L Price</u>	
345 Fig	4/1.5	1800	75	\$268,000
456 Oak	3/2	1750	100	275,000

➤ **PENDING SALES**- Market Value

➤ **EXPIRED LISTINGS**- Properties that didn't sell

<u>Address</u>	<u>Bed/Bath</u>	<u>Size</u>	<u>DOM</u>	<u>L price</u>
567 Ash	3/1	1600	90	\$265,000
678 Gum	3/1.5	1650	120	269,000



# CMA

- Sold properties indicate market value. Note the number of days the property has been on the market. Properties that sold for more than their asking price usually indicate multiple offers.
- Currently on the market properties are your competition. Your subject property should be viewed as the best buy or the most desirable among the competition.

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# Expired Listing

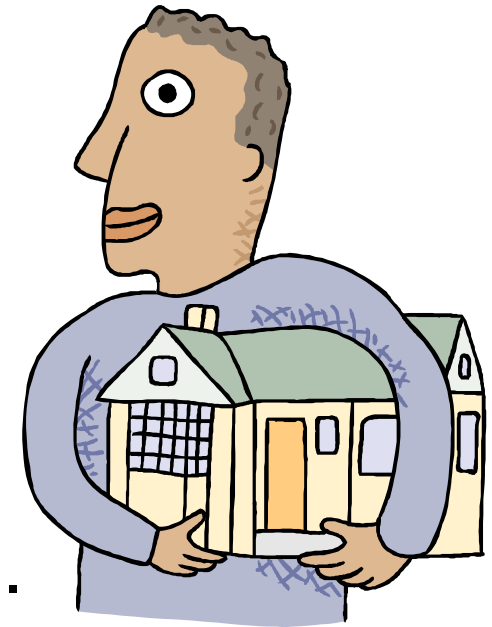
There are 5 reasons why a property did not sell :

- ✓ poor marketing effort
- ✓ too high a price
- ✓ inadequate terms
- ✓ undesirable condition
- ✓ location

The agent controls the marketing.

The seller controls the others.

Knowledge of current marketing conditions is critical.



# CMA USES:

## Showing current marketing conditions

### ✓ LISTING TOOL

- ✓ To secure listing
- ✓ Obtain realistic pricing

### ✓ MARKETING TOOL

- ✓ To potential buyers
- ✓ For other agents showing the property

### ✓ BUYING DECISION

- ✓ Convinces buyer to make offer
- ✓ Helps buyer make a reasonable offer

### ✓ APPRAISAL USE

- ✓ With lender's loan application to substantiate price
- ✓ Given to appraiser to support price



# TYPES OF LISTINGS AND USES

## ■ OPEN LISTING

- Usually used by Business Opportunity Brokers

## ■ EXCLUSIVE-RIGHT-TO-SELL LISTING

- Most used listing agreement with Home sales. It is the most desirable

## ■ EXCLUSIVE AGENCY LISTING

- Used with FSBOs

## ■ ONE-TIME SHOW LISTING

- Used with FSBOs

## ■ NET LISTING

- Used when the seller wants a specified amount of money. DRE does not like this kind of listing.

## ■ EXCLUSIVE-RIGHT-TO-BUY LISTING/Buyer-Broker

- Used with buyers to locate property and to avoid agency conflicts.





## E. PREPARING FOR THE PRESENTATION

### 1. Preparation is crucial

- Present yourself in a professional manner
- Be prepared
  - Be positive and realistic
  - Add credibility
  - Begin a meaningful discussion with the seller



## E. PREPARING FOR THE PRESENTATION

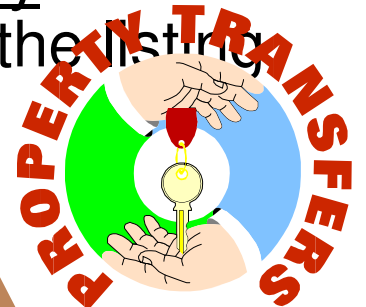
Order a Property Profile:

- a. Are the trust deeds correct?
- b. Are the property owners listed; note the spelling of their names
- c. Is the trust deed included?
- d. Are there any liens, easements, CC&Rs noted; are they correct?
- e. Are outstanding taxes or assessments due?

# E. PREPARING FOR THE PRESENTATION

Organize the data, including:

- ✓ Disclosure Regarding Real Estate Agency Relationships-given before entering into the listing agreement
- ✓ Comparative Market Analysis (CMA)
- ✓ Seller's Net Sheet
- ✓ Rate charts for title insurance, escrow companies and lenders
- ✓ Property Profile
- ✓ Disclosure forms
- ✓ Listing Form
- ✓ Open House and marketing plan schedule
- ✓ Sample marketing plan & website dedicated to subject property





# Presentation of the facts

- ✓ Polaroid or Digital Camera & Tape measure
- ✓ Personal Brochure: Information about yourself and your firm
- ✓ Virtual tours of the property



# PREPARING FOR THE PRESENTATION

## Things to Do

- ✓ Make appointment and arrive promptly
- ✓ Prepare yourself physically and mentally
- ✓ Develop a script
- ✓ Seller offers various objections
- ✓ Be ON TIME!

# F. THE PRESENTATION PROCESS

## 1. Breaking the Ice

- ✓ motivation
- ✓ communicator type

## 2. Why List the property- small approvals

## 3. Why List with your firm - get assurance

## 4. Why List with you (me)

- ✓ You are the expert
- ✓ This is no time to be modest





# THE PRESENTATION

## 1. Price

- ✓ Present the CMA
- ✓ Go forward until seller objects
- ✓ Fight for the right price

## 2. Answering objections

- ✓ Rate of commission
- ✓ Listing term
- ✓ Be consistently sincere and honest

## 3. Get the signature and get out!

- ✓ Staying leads to second thoughts
- ✓ Are you waiting for NEW objections?



## G. ANSWERING OBJECTIONS

- ❖ The COMMISSION Rate is Too High
  - ❖ I can understand how you feel . . .
  - ❖ The buyer actually pays
  - ❖ If there were no agent, who would get paid?
  - ❖ If you reduce the rate, who will show it?
- ❖ I do not TRUST Real Estate People
  - ❖ I can understand how you feel . . .
  - ❖ One cannot be too careful
  - ❖ A list of References
  - ❖ I have been in town \_\_\_\_ years. I would not still be here if I did not treat people well and do my job right.



# ANSWERING OBJECTIONS

## ❖ I Know More About HOW TO do This Than You Do . .

- ❖ It will be a pleasure working with someone as knowledgeable as you.
- ❖ With your experience, you know how much work is involved in finding a buyer, negotiating the sale and closing the escrow.
- ❖ Our firm, along with the MLS, can locate a buyer quicker
- ❖ Surely the time saved plus the value of your time makes my service worthwhile

## ➤ I HAVE A FRIEND in Real Estate . . .

- I can appreciate your dilemma ...
- When you list your property, you are hiring an employee. Do you really want to hire a friend?
- Our firm cooperates through the MLS, so your friend could still earn a commission by selling the property – and do so without being your employee.

# H. PREPARING SELLER FOR SHOWING AND NEGOTIATIONS

On-going communications and

1. staging the property

- Clean-Up, Small Repairs
- Pamphlet: cleaning it up, repairs,

2. Effective showings

- Don't try to help “sell”

3. Listing Packet

- forms Used
- Give copies to review





## H. PREPARING SELLER FOR SHOWING AND NEGOTIATIONS

### Risk Alert:

- Listings may be short sales, foreclosures and/or auctions.
- Each is complex with high risks, so tread carefully on these properties.
- Laws & Regulations change to protect consumers.
- Special training is needed for these type of sales.

# Short Sales Overview

1. A short sale is when a lender agrees to accept less than the amount owned on the existing loan, in exchange for the release of the lender's security interest.





# Short Sales Overview

2. Before listing the property
  - a. First, the agent must advise the sellers to see a real estate attorney & CPA for the legal and tax ramifications of a sale.
  - b. Ask the hard questions a lender needs to determine IF it is a hardship case.
  - c. Order a Preliminary Title Report to determine the liens on the property.
  - d. Walk away if you won't be successful.



# Short Sales Overview

3. List the property using:  
a listing agreement, and  
*C.A.R. Short Sale Listing Addendum*
- Have the seller sign & date a document giving the agent authority to receive and convey information throughout the listing period. (*C.A.R. Authorization to Receive & Convey Information*).



# Short Sales Overview

- a. The listing should be maintained in the same manner as a convention one.
  - b. The agent should be prepared to:
    - Spend more time
    - Spend more money
    - Help keep the property presentable
  - c. Get a home warranty
- Q: Has a Notice of Default (NOD) been recorded by the lender?
- A: If so, a Trustee's Sale may occur



# Short Sales Overview

4. Loan Modification Consultant
  - a. Many are unlicensed
  - b. Check current DRE regulations, state & federal laws. New law prohibits advance fees.
  
5. Determine the lender's requirements
  - a. Get the detail to determine exact lender requirements so offer may be acceptable to the lender.

# J. Real Estate Owned (REO)

1. Foreclosure: Property pledged as security for a debt is sold to pay the debt due to default of payment or terms, in a Mortgage/Sheriff's sale or Trustee's Sale.



**Foreclosure**

2. Lenders hire Asset Managers to maintain the property to close of escrow.



## J. Real Estate Owned (REO)

3. Asset Managers hire real estate agents to ready, maintain & sell the assets & to:

- Remove individuals in possession
- Pay utilities
- Clean & maintain the property
- Put on MLS and hold Open Houses
- Broker Price Opinions (BPO) before & throughout the listing period.
- Make sure all mandatory disclosures, including the agent's visual inspection (AVID) are conducted.



# EXCLUSIVE AUTHORIZATION AND RIGHT TO SELL

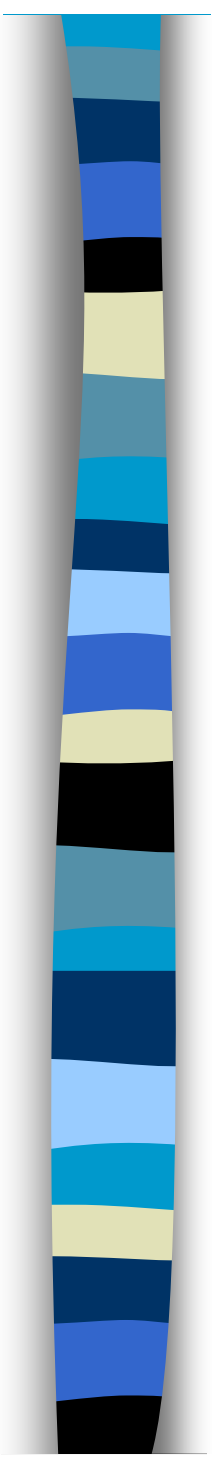
**1. EXCLUSIVE RIGHT TO SELL** \_\_\_\_\_  
\_\_\_\_\_ ("Seller") hereby employs and  
grants \_\_\_\_\_ ("Broker") the  
exclusive and irrevocable right, commencing on  
(date) \_\_\_\_\_ and expiring  
at 11:59 P.M. on  
(date) \_\_\_\_\_ ("Listing Period")  
to sell or exchange the real property in the City of \_\_\_\_\_  
County of \_\_\_\_\_, California,  
described as: \_\_\_\_\_ ("Property").

## 2. TERMS OF SALE

**A. LIST PRICE:** The listing price shall be \_\_\_\_\_

**B. PERSONAL PROPERTY:** The following items of personal  
property are included in the above price: \_\_\_\_\_

**C. ADDITIONAL TERMS:** - \_\_\_\_\_



**3. MULTIPLE LISTING SERVICE:** Information about this listing  will  will not, be provided to a multiple listing service (“MLS”) of Broker's selection and all terms of the transaction, including, if applicable, financing will be provided to the MLS for publication, dissemination and use by persons and entities on terms approved by the MLS. Seller authorizes Broker to comply with all applicable MLS rules.

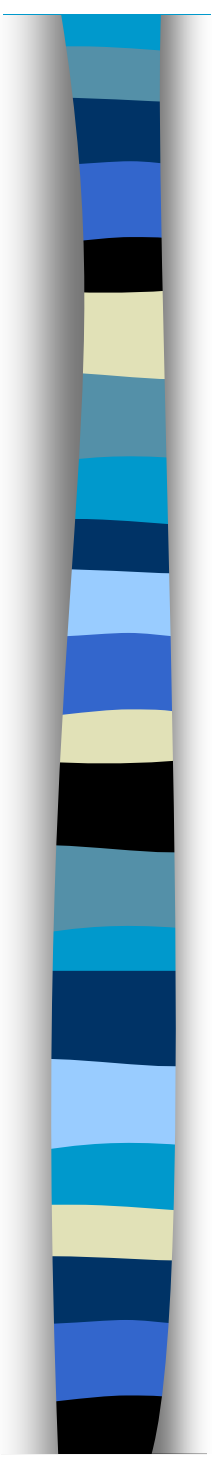
**4. TITLE:** Seller warrants that Seller and no other persons have title to the Property, except as follows:

---

**5. COMPENSATION TO BROKER:**

**Notice: The amount or rate of real estate commissions is not fixed by law. They are set by each Broker Individually and may be negotiable between Seller and Broker.**

A. Seller agrees to pay to Broker as compensation for services irrespective of agency relationship(s), either percent of the listing price (or if a sales contract is entered into, of the sales price), or \$ \_\_\_\_\_ AND as follows: 1. If Broker, Seller, cooperating broker, or any other person, produces a buyer(s) who offers to purchase the Property on the above price and terms, or on any price and terms acceptable to Seller during the Listing Period, or any extension;



2. If within \_\_\_\_\_ calendar days after expiration of the Listing Period or any extension, the Property is sold, conveyed, leased, or otherwise transferred to anyone with whom Broker or a cooperating broker has had negotiations, provided that Broker gives Seller, prior to or within 5 calendar days after expiration of the Listing Period or any extension, a written notice with the name(s) of the prospective purchaser(s);

3. If, without Broker's prior written consent, the Property is withdrawn from sale, conveyed, leased, rented, otherwise transferred, or made unmarketable by a voluntary act of Seller during the Listing Period, or any extension. If completion of the sale is prevented by a party to the transaction other than Seller, then compensation due under paragraph 5A shall be payable only if and when Seller collects damages by suit, settlement, or otherwise, and then in an amount equal to the lesser of one-half of the damages recovered or the above compensation, after first deducting title and escrow expenses and the expenses of collection, if any.

C. In addition, Seller agrees to pay: \_\_\_\_\_

D. Broker is authorized to cooperate with other brokers, and divide with other brokers the above compensation in any manner acceptable to Broker;

E. Seller hereby irrevocably assigns to Broker the above compensation from Seller's funds and proceeds in escrow.

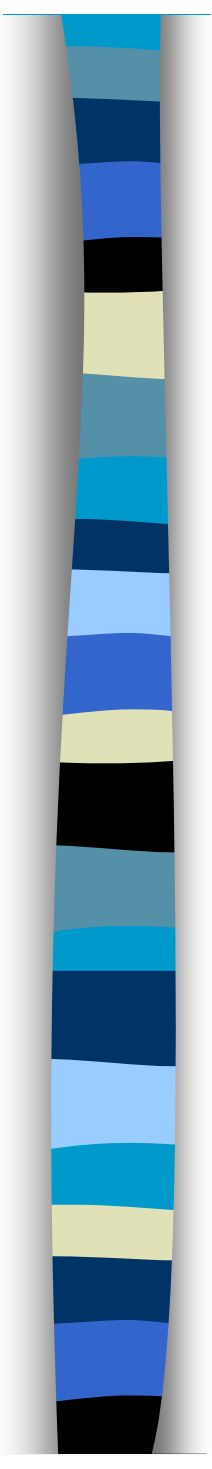
F. Seller warrants that Seller has no obligation to pay compensation to any other broker regarding the transfer of the Property except: \_\_\_\_\_



# Listing Agreement

If the Property is sold to anyone listed above during the time Seller is obligated to compensate another : (a) Broker is not entitled to compensation under this Agreement and (b) Broker is not obligated to represent Seller with respect to such transaction.

**6. BROKER'S AND SELLER'S DUTIES:** Broker agrees to exercise reasonable effort and due diligence to achieve the purposes of this Agreement, and is authorized to advertise and market the Property in any medium selected by Broker. Seller agrees to consider offers presented by Broker, and to act in good faith toward accomplishing the sale of the Property. Seller further agrees, regardless of responsibility, to indemnify, defend and hold Broker harmless from all claims, disputes, litigation, judgments and attorney's fees arising from any incorrect information supplied by Seller, whether contained in any document, omitted therefrom, or otherwise, or from any material facts which Seller knows but fails to disclose.



**7. AGENCY RELATIONSHIPS:** Broker shall act as the agent for Seller in any resulting transaction. Depending upon the circumstances, it may be necessary or appropriate for Broker to act as an agent for both Seller and buyer, exchange party, or one or more additional parties ("Buyer"). Broker shall, as soon as practicable, disclose to Seller any election to act as a dual agent representing both Seller and Buyer. If a Buyer is procured directly by Broker or an associate licensee in Broker's firm, Seller hereby consents to Broker acting as a dual agent for Seller and such Buyer. In the event of an exchange, Seller hereby consents to Broker collecting compensation from additional parties for services rendered, provided there is disclosure to all parties of such agency and compensation. Seller understands that Broker may have or obtain listings on other properties, and that potential buyers may consider, make offers on, or purchase through Broker, property the same as or similar to Seller's Property. Seller consents to Broker's representation of sellers and buyers of other properties before, during, and after the expiration of this Agreement.

**8. DEPOSIT:** Broker is authorized to accept and hold on Seller's behalf a deposit to be applied toward the sales price.

Seller and Broker acknowledge receipt of copy of this page, which constitutes Page 1 of Pages.

Seller's Initials ( ) ( ) Broker's Initials ( ) ( )



# Page 2 of Listing Contract

- 9. LOCKBOX:
- 10. SIGN:
- 11. DISPUTE RESOLUTION:
  - A. MEDIATION:
  - B. ARBITRATION OF DISPUTES
  - C. EXCLUSIONS FROM MEDIATION AND ARBITRATION:
- 12. EQUAL HOUSING OPPORTUNITY:
- 13. ATTORNEY'S FEES:
- 14. ADDITIONAL TERMS:
- 15. ENTIRE CONTRACT:

**I AM WAVING  
GOODBYE**

