



Is it time to sell?

Part 4: Picking a listing agent

Housing providers sometimes fail to consider alternative options when they decide to sell their investment property. Prior installments have described some of these alternatives. Now I am assuming that the decision has been made and that the time has come to select a good listing agent.

Many sellers do not interview potential real estate agents. Perhaps because they have some sort of existing relationship with at least one real estate agent, and feel this agent would be insulted if they talk to other agents. Other sellers may feel they do not have the time to interview, that they are only comfortable with their agent; or that the agent who sold them the property should have the right to resell it.

If your real estate agent is competent, professional and active, she or he will generally welcome the opportunity to compete with other agents in the area to earn your business. Agents who are insulted by being compared to with their competition are often less active, or are not willing to put together a professional proposal. You are hiring someone to sell what is likely a very large portion of your net worth, so doesn't it seem logical to look at several "applicants" before making a decision? Interviewing several agents should not be overly time consuming. Generally, an initial meeting with a follow up meeting and proposal are all that is necessary. Around 30 minutes to an hour for each of these two meetings should suffice. Once you have collected your property data for one agent, it's not much harder to give it to three agents. Don't forget that it's your property and your risk if things go bad. Accordingly it should be you who pick the agent and call the shots as to how the process should go.

The agent that sold you the property may in fact be the best agent, but she or he should certainly respect you more for exercising your right to look at proposals from several agents, and may even suggest other competent agents. Even if you end up choosing your original agent, the interview process is still valuable. Most agents will provide you with valuable free advice during the proposal process and some may even have valuable observations about the way you are running your property such as excessive expenses in a certain category that can be reduced. You may well benefit from these free insights.

During the interview process think about what qualities are important to you. Different landlords will work well with different personalities. Good communication is key in any

working relationship. Clearly an experienced agent that has sold properties like yours in the same area is a must. But while you don't need to be someone's first client, you also don't need to be one of many people that will be trying to get in touch with an "always busy" agent. Do you get the feeling this individual will return your calls promptly? How can you tell? Has the agent promptly done what was promised through each step of the proposal process? How do you know if this service will continue once there is a signed listing? Why not check references? If the reference is provided by the agent, and the agent did a good job, then the reference should be happy to share their experience with you. Ask for an overall impression, what was done well, what could have been done better, etc. The agent will respect you for your due diligence.

You should ask about the agent's reputation for cooperating with other agents. . An uncooperative listing agent takes away from the number of agents that will try to sell your property. A good listing agent generates interest, not just from buyers, but also from buyers represented by other agents, and other brokerage firms.

When you are ready to make a selection, you should sign a representation agreement (or listing agreement) but never sign on the spot. As with any binding contract, read every word. Understand every word. If you don't understand what you are being asked to sign, ask the agent; if you still don't understand, or don't agree with something, don't be afraid to ask an attorney. Listing agreements are always negotiable. With any ordinary situation and especially in our current market, don't agree to a 6+ month agreement. But don't go to the other extreme by limiting the agent to a 30-day listing. The security of a longer agreement is necessary to give the agent the confidence to fully market the property. There should be some sort of cancellation clause. A reputable agent will not fight with you or litigate if you are truly unsatisfied with their performance and attempt to cancel the agreement. Obviously they will try to keep the listing and satisfy your concerns, but ultimately, no agent wants the reputation of fighting with an unsatisfied client.

Where the property has fewer than four units, agents are required to disclose that the commission is negotiable. In fact, all sales commissions are always negotiable (and agents may be especially flexible where they end up representing both sides in the ultimate transaction). Make sure the document is an accurate representation of your agreement. *Don't agree to troubling terms based on a promise to revisit the issue later.* Do resist the temptation to unreasonably cut the sales commission. This is the financial incentive that the listing agent and other agents will have to sell your property. Real estate agents are highly compensated (when they successfully close a deal, not otherwise). But the legal and marketing savvy of a good agent is worth the price, and indeed may be worth far more than his or her commission in terms of getting you top dollar for your property, and saving you multiple downstream headaches with disappointed buyers, taxing authorities, and so on. Choose, the best agent, not necessarily the cheapest.

The marketing process should start immediately, and your agent should understand how often you want marketing updates. Cooperation is essential from the beginning. I always think it is a good idea to thank the agents you did not select and also make a point to make the marketing information available to them as soon as possible. You have met

them, and they know the property, so they may have a good chance of bringing a potential buyer to the table. Your listing agent should be proactive from the beginning in contacting potential buyers and also presenting the opportunity to other agents and brokerages.

There are numerous books on listing your property for sale, as well as advice articles on the internet. Resist the temptation to do it yourself, or put a sign up and see who happens by. The few percentage points you might save do not make up for the enormous risk and the likelihood that you will end up with a substantially lower sales price, a much less smooth transaction, or several failed attempts to sell the property and a lot of lost time. The more informed you are, the greater are the chances of success.

Please keep in mind that my area of expertise is Real Estate Brokerage. The tax consequences, exchange validity, accounting rules and legality of various strategies are best discussed with the appropriate professional. I have several that I will be happy to recommend. If you missed last month's installment, you may contact me for a copy of the last issue.

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