



Signing Listing Agreements

by

Natalie Danielson

A 5 hour course that covers the essentials of listing residential real estate

PROFESSIONAL *Direction* INC

13148 Holmes Pt Dr N.E., Kirkland, WA 98034

www.clockhours.com

A Washington State Approved Real Estate School for Clock Hour Education under R.C.W. 18.85.



Please Read this First! Thanks!

PROFESSIONAL *Direction* INC

Clockhours by Mail

- You will be provided with a booklet of with the class material.
- The course has been divided up into one hour sessions. In Washington State a “clock hour” is 50 minutes. There are questions about each session. They can be answered while reading the material, at the end of the session, or at the end.
- **Answer** the questions on the quiz answer sheet.
- If you have any questions regarding the material or the questions, don’t hesitate to call or email Natalie Danielson.
- **Mail** Answer Sheet and Evaluation to Professional Direction.
- The certificate will be mailed within 10 days of receipt of course materials and handout. If you are DESPERATE... email Natalie!

Disclaimer.. the course materials and questions are not to be used for legal advice. Information can change over time. Real estate transactions are handled different ways in different regions in the State of Washington. If you have any comments or concerns about the material contact Professional Direction.

Thanks!

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Listing Agreements

Curriculum

Session Hours	Major Topics	Method of Presentation	Equipment Materials	Assignment
1 1 hour	The Real Estate Market Agent Responsibilities	Read Material	Handout	Take Quiz
2 1 hour	Listing Agreements Contracts	Read Material	Handout	Take Quiz
3 1 hour	Ownership Disclosure	Read Material	Handout	Take Quiz
4 1 hour	Marketing Listings Fair Housing	Read Material	Handout	Take Quiz
5 1 hour	Costs to Sell Commission	Read Material	Handout	Take Quiz

Listing Agreements

A salesperson in the real estate field is a misnomer. We don't own any products to sell. We are "marketing consultants." We try to match prospective purchasers of real property to sellers. Often our job extends further into that of marriage counselor, financial consultant, janitor, referee, collections and answering service. In addition, we are negotiating contracts and putting together transactions most often for the largest single investment made by most people in their entire lives!

This course will cover the listing agreements including agency, contracts, ownership, disclosure, marketing and closing.

Course Objectives

As a result of taking this course the real estate licensee shall be able to:

Agency

- Understand the important role of a listing agent.
- Identify factors that may or may not affect the real estate market.
- Understand the statutory duties as defined in the agency law including the affiliated licensee.

Listing Agreements

- Accurately complete an exclusive Right to Sell Listing Agreement and explain the major elements of the agreement.
- Contrast an Exclusive Right to Sell and Exclusive Agency Listing Agreements.
- Know the 5 factors that determine a valid contract.
- Explain when the seller must be provided a copy of the listing agreement.
- Identify how a listing agreement may be terminated.
- Explain what happens to current listing agreements under the following conditions: death of the listing broker, brokerage firm goes out of business, broker loses license in a disciplinary action, and listing salesperson transfers to different real estate company.

Ownership and Disclosure

- Determine who has title to the property.
- Explain who has the authority to sign, modify, or cancel a listing agreement.
- Know the duties of an agent in regards to disclosure
- Identify environmental factors that should be disclosed
- Know the Property Information Disclosure Law

Marketing and Fair Housing

- Learn to identify the four ingredients that create sales of listings.
- Know the Listing Process
- Identify the protected classes under the Federal Fair Housing Law
- Know the Washington Law on Discrimination.
- Recognize conduct and advertising that violates the fair housing laws.

Costs to Sell and Commission

- Understand the difference between real and personal property.
- Identify discussions on commission that may be construed as price fixing.
- Understand the payment of commission under a listing agreement and the carry over clause.

Section 1 Listing Agents

Why choose to be a "Listing Agent?"

This is a unique business in that it is easy to get into with little or no investment and only a short training program. But, real estate is also easy to quit. Some statistics quote that approximately 80% of new agents will quit prior to their 2 year anniversary date. Often real estate agents would make more money working full time at a fast food restaurant based on income averages than hanging their license in a real estate firm.

As in your carpet, 20% of it gets 80% to 90% of the wear, so it is in the real estate business. About 10% to 20% of the agents make 80% to 90% of the income. The agents who are the top producers will tell you that there are two primary ways you can make money. They include the listing or sales of property.

You can clean out your car and show buyers homes all day, every day, for a week. Then, they can walk into an open house and buy from a complete stranger. Buyers, unless they know you, have little tendency to remain "loyal." They are out in the world looking for something intangible that will satisfy their nesting needs and that includes a home or an agent.

As a listing agent, you have a contract with your client saying that when their home successfully sells, you will get paid a commission. You have a definite employment contract with them. The property can sell and you can make money while on vacation in Hawaii, while you are working with other clients, or while you are sitting at your desk. Yes, you have responsibilities as a listing agent, but these include getting information on that property to all agents in your multiple listing service so that other agents can sell the property.

As a listing agent, you are "open for business." Just as a store has inventory, so do you have your inventory of properties that you are marketing. Let the other agents in your area be the chauffeur for customers on a shopping trip and let your properties be the ones that they choose. But if you list properties that don't sell, you are in the business of listing and not in the real estate sales business. Take only listings that you believe will successfully sell and you will reap the reward.

Security

A prospective buyer may badger the seller with frequent, possibly unscheduled visits. He may also ask questions that the seller isn't able to answer. He may not even be a potential buyer.

A "For sale by owner" is inviting just about any complete stranger into their home at any time. That would be inconceivable just a week prior to putting the property up for sale. The possessions, security and safety of the family are in jeopardy when inviting strangers inside the front door.

Professional real estate agents pre qualify buyers and get personal information prior to taking them into the homes that are for sale. Agents have access to a property via an agreement and usually a key box system available only through the multiple listing services. Often these key box systems are coded when activated to keep a log of agents that enter the property. With the technology in this new millennium, information on the time and agent that showed the property is collected by satellite!

Your Success vs. the Real Estate Market

What effect do the following have on your success in real estate? What effect do they have on the listings you have?

- The real estate market statistics show that sales are up this month.
- The interest rate is now going to break the 8% mark... pick a rate!
- Your real estate company is having some management problems.
- Boeing just laid off 2600 workers.
- The Seattle Times just published an article on how worthless agents are.
- You are in a personal financial bind.
- You can now buy a home with only 2% down.
- Microsoft has just been split into three companies.
- Banks have tightened their standards for borrowers.
- The value of homes is declining rapidly
- It is early August and the sun is predicted to shine for a month.
- You just took a class on real estate law.
- You just received an award.

The real estate market is full of speculation, predictions and statistics. But, no one barometer exists that measures the state of the real estate market. If the interest rate is high, there may be more sellers looking for good agents. The buyers will look for more creative financing techniques. If the strongest industries are hit with layoffs, lawsuits, or bad luck then the employees may be ready to sell and move away from the area.

If you have the image of the successful agent with awards lining your bookshelf, then it doesn't mean you don't have to hit the pavement and find business when the market is tight. But, there will always be a real estate market with buyers and sellers.

The Real Estate Market

The real estate market is constantly changing. But, there are some factors that remain constant.

- Sellers are real property owners.
- Real property is immovable
- Your market area encloses all your future listings.
- You only control how many homes you sell not how many homes that sell.
- All property owners are potential sellers.
- On the average, 20% of the population in the U.S. moves from one place to another.
- Theoretically, in 5 to 7 years all properties in your market area will change hands.
- The market is buyer driven. Buyers decide:
 - what they will buy
 - when they want to see it, and
 - when they will buy.

Sellers Motivation

Take a look at the homes on the market, today. The reasons people are selling are as varied as the styles of the homes. Understanding the motivations of the sellers can help you, not only target your market, but also see the obstacles that may be present.

As an agent of the sellers, you should realize that the reasons they are putting their property up for sale might be confidential. The motivation for selling should not affect the price for which the home is marketed. In other words, the sellers have the right to obtain the most money possible for their home on the market regardless of whether they are in a desperate situation or moving up. So if they are “desperate” then the listing price should reflect that. The sellers can CHOOSE to make their motivation known to the buyers in hopes of creating a sale within a smaller time period. The listing price, if low, could create a quicker sale. The time factor can have a critical relationship to the price the sellers CHOOSE to list their property or the price that they will accept.

Reasons to Sell

Homeowners choose to sell properties for a variety of reasons. Some sales are forced sales and some are joyful ones. Often there is more than one reason for selling and the consequences can have domino effects. The underlying reasons can create the most obstacles.

No matter what condition the market is in, there will always be customers that have to sell and buyers that are ready to buy. When the market appears to be "dead" this list is the first thing you need to review! Families are growing and shrinking, having financial stresses, marrying, dying, and retiring.

When you choose listings, choose them based on motivation. Do they need, want, or really intend on selling? What are the consequences if they don't sell? If they don't want to sell, they probably won't. This is a very important point to remember... If they don't want to sell, they won't.

When you determine the market value of a property, it should not be determined on the motivation of the seller. The seller can choose to price the property lower or higher depending on their motivation.

Listing Agent Responsibilities

Statutory Duties of a Licensee

With the Law of Agency there are statutory duties prescribed for agents generally and when they represent a client in a single agency situation or in a dual agency situation.

Duties of a Licensee Generally

There are 7 duties that a licensee owes to all parties to whom they provide real estate brokerage services. These 7 duties cannot be waived.

1. "To exercise reasonable care and skill."
This pretty much goes without saying.
2. "To deal honestly and in good faith."
This is where ethics supersedes the actual laws.
3. "To present all written offers, written notices and other written communications to and from either party in a timely manner, regardless of whether the property is subject to an existing sale or the buyer is already a party to an existing contract."
It is important to note that if you have a listing that is sold pending; you must still present other offers. The seller cannot sign two agreements, of course, unless one is a back up or subject to the failure of the first offer.
4. "To disclose all existing material facts known by the licensee and not apparent or readily ascertainable to a party; provided that this subsection shall not be construed to imply any duty to investigate matters the licensee has not agreed to investigate."
5. "To account in a timely manner for all money received from or on behalf of either party."
6. "To provide a pamphlet on the law of real estate agency in the form prescribed in section 13 of this act to all parties to whom the licensee renders real estate brokerage services before the party;
 1. Signs an agency agreement with the licensee
 2. Signs an offer handled by the licensee
 3. Consents to dual agency
 4. Waives any rights"
7. "To disclose in writing to all parties to whom the licensee renders real estate brokerage services, before the party signs an offer in a real estate transaction handled by the licensee, whether the licensee represents the buyer, the seller, both or neither party. The disclosure shall be set forth in a separate paragraph entitled 'Agency Disclosure' in the agreement between the buyer and seller in a separate writing entitled 'Agency Disclosure.'"

The following duty owed by a licensee generally can be agreed to otherwise.

"Unless otherwise agreed, a licensee owes no duty to conduct an independent investigation of the property or to conduct an independent investigation of either party's financial condition, and owes no duty to independently verify the accuracy or completeness of any statement made by either party or by any source reasonably believed by the licensee to be reliable."

Statutory Duties of a Seller's Agent

The Law of Agency specifies duties of an agent representing a seller. The Law of Agency states in Section 4 that:

“Unless additional duties are agreed to in writing signed by a seller's agent, the duties of a seller's agent are limited to those set forth in section 3 of this act and the following, which may not be waived except as expressly set forth in (e) of this subsection:

A. “To be loyal to the seller by taking no action that is adverse or detrimental to the seller's interest in a transaction.”

A transaction commences at the time a party signs an agreement.

B. “To timely disclose to the seller any conflicts of interest.”

If you have an interest in purchasing the property or are related to a buyer who wants to purchase the property, it may be a direct conflict of interest when advising the seller regarding listing price, for example.

C. “To advise the seller to seek expert advice on matters relating to the transaction that are beyond the agent's expertise.”

If there is a question as to the structural soundness of the property located on a steep bank, for example, it would be wise to suggest that the homeowner hire a structural engineer.

D. “Not to disclose any confidential information from or about the seller, except under subpoena or court order, even after termination of the agency relationship.”

If the seller is “desperate” and needs to get the property sold, it is not necessarily in their best interest to tell that information to a prospective purchaser ready to write an offer on the property, for example.

E. “Unless otherwise agreed in writing after the seller's agent has complied with section 3(1)(f) (*provide a pamphlet on the Law of Agency*), to make a good faith and continuous effort to find a buyer for the property; except that seller's agent shall not be obligated to seek additional offers to purchase the property while the property is subject to an existing contract for sale.”

If the sellers have signed an offer to sell the property, the agent is not obligated to continue marketing the property. Some sellers request that the agent continue advertising until the purchaser has waived the home inspection or deposited the earnest money.

2. (a) “The showing of properties not owned by the seller to prospective buyer or the listing of competing properties for sale by a seller's agent does not in and of itself breach the duty of loyalty to the seller or create a conflict of interest.”

You can list another property in the same neighborhood without creating a conflict of interest, for example.

(b) “The representation of more than one seller by different licensees affiliated with the same broker in competing transactions involving the same buyer does not in and of itself breach the duty of loyalty to the sellers or create a conflict of interest.”

Duties of a Dual Agent

There are situations when an agent represents both parties at the same time. Usually the most difficult aspects of balancing the agent's duties include keeping information confidential and dealing with the varying interests of each party.

In order to be a dual agent, the agent must have it in writing, with terms of compensation after giving the clients a copy of the Law of Agency pamphlet.

“A licensee may act as a dual agent only with written consent of both parties to the transaction after the dual agent has complied with section 3(1)(f), which consent must include a statement of the terms of compensation.”

Dual agency occurs when an agent sells his or her own listing. In addition, when an agent sells an in-house listing, the broker becomes a dual agent. Undisclosed dual agency (often occurring when the agent has acted as an agent for both parties without disclosing) is where problems can happen.

The duties of a dual agent are the same in the Law of Agency as the duties of a single agent representing the buyer or seller.

Dual agency is disclosed to the seller on the listing agreement. The terms of compensation are also disclosed. The seller must sign the listing agreement.

Dual Agency should be disclosed to the buyer on a Buyer Agency Agreement.

It is important that a listing agreement be signed and dual agency disclosed before proceeding with the showing and sale of the property to a buyer represented by the same agent.

Seller Expectations

When you evaluate your position as an agent of the seller, you are getting paid commission to successfully sell the property. The seller has expectations of the listing agent. They can be summarized into these 5 major factors. Consider how much you are worth for each of the 5 factors.

1. Advising on pricing and market conditions

Often prior to signing an employment agreement, agents give their opinion of market value of the property. It is often this range of value from which the seller decides on the asking price.

2. Maintaining the Agency's representation

Once employed by the seller with a listing agreement, the agent becomes an agent of the sellers. An agent can only get paid a commission if there is an employment agreement. The agent owes a fiduciary obligation to the seller who is the employer. A fiduciary is a person who stands in a special position of trust and confidence in relation to someone else and is held to a high standard of conduct. In January 1997 the Washington State Law of Agency took effect.

3. Marketing

When taking a listing the agent has the responsibility to market the property to the prospective buyers. The marketing programs vary from agent to agent and with the different types of property.

4. Negotiating Contracts

As an agent you have been trained in the legal forms and contracts that consummate a sale. You are held up to the standards of an attorney when filling out contracts.

5. Tracking the Sale through Escrow

The listing agent has a responsibility to follow the progress of the transaction through the loan and closing process so that any problems that may arise can be tackled head on.

Managing and Servicing a Listing

Service is your only product! Your motivation in any real estate transaction must spring from a spirit of service....not monetary gain. A successful career in this business can be yours in no other manner.

AIM ADVISE, INFORM, and make RECOMMENDATIONS

Advise

Advise fully. Initially it is your responsibility to advise the sellers about the market and evaluating the property. As their listing agent you must advise them on the service you are pledged to perform.

Inform Continually

It is your responsibility to continually inform your sellers when these services are to be extended, how they are to be extended and where results are to be realized. How often should you be in contact with sellers?

Make Timely Recommendations

It is your responsibility to make recommendations to your sellers for actions or decisions required of them which will best enable you to represent their interests in obtaining:

- The best price
- The most favorable terms
- Negotiating the sale in the shortest time
- Subjecting the sellers to the least amount of inconvenience.

What is your “product” as a real estate agent?

Your only “product” in the real estate business is SERVICE.

You neither own, possess, or control property.

Your ability to service your clients and customers depends upon the amount of pertinent knowledge you possess and can effectively apply in practice.

Section 2 Listing Agreements

Contracts

Hope is a universal factor with buyers and sellers. They just hope the transaction will close! The requirements of a lender and a contract cannot be wished away. Buyers and sellers on their own often assume too many things when they negotiate. Verbal agreements are not legally binding. There is security in a valid contract.

Real estate agents have been trained in many contract law issues. A real estate professional is well versed in the terms and agreements in a contract. They are "held up to the standards of an attorney" when writing a real estate contract.

Negotiating an agreement to sell a property is most effective with an experienced third party. Either the owner will indicate too much eagerness to sell or the buyer too much eagerness to buy. Putting the buyers and sellers together directly can put one in a less than desirable strategic position. It's like going to a foreign market dickering for the right price for a straw hat. Did you really get a good deal or did the seller turn around with glee at taking advantage of a tourist. A real estate professional negotiates only on the basis of a signed contract and with the strictest loyalty to their client.

A listing agreement is a kind of employment contract between a seller and a broker. In order to enforce the payment of a commission, the agreement must be in writing. There are five essential elements for a real estate contract to be valid.

1. Capacity

To enter into a valid contract, a person must be at least 18 years old and be legally competent.

What if the sellers are drinking when they sign a contract?

If the sellers are intoxicated, they may not have capacity to sign the agreement and it may be unenforceable. A real estate agent should avoid purchasing or providing alcohol at the time of signing a contract.

2. Mutual consent

All the parties to the contract must consent to its terms. The consent must include accurate knowledge of the facts and conditions of the contract. It is achieved through offer and acceptance. The acceptance must not vary the offer's terms or it creates a counteroffer.

When is a contract accepted? What about minor changes? What if only one spouse signs?

All the parties must sign agreements and accept all changes by way of signature or initials. One spouse can only sign for another with a written power of attorney.

3. Consideration

The parties must exchange something of value. The consideration can be in the form of money or a promise.

Is it a valid contract if there is no earnest money?

The buyer's promise in the offer to buy a property is sufficient consideration for a valid contract.

4. Lawful purpose

The purpose of the contract must be lawful at the time it is made.

5. Statute of frauds

This refers to the provisions of the Washington State Code that requires real estate contracts to be in writing. Listing agreements must be in writing in order to enforce the payment of a commission.

But, there are times in real estate sales where agents get agreements from clients over the phone.

What is the problem with these verbal agreements? They can range from closing date to a verbal counter offer.

Verbal or oral real estate agreements are not enforceable in Washington State.

Contracts Summary

Classifications

Express (parties have agreed) vs. Implied (inferred by conduct)	Unilateral (one promise) vs. Bilateral (two promises)	Executory (not fully performed) vs. Executed (fully performed)
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Ingredients for a Valid Contract

Capacity	Mutual Consent	Consideration	Lawful Purpose	Statute of Frauds
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Legal Status of Contracts

Void No legal contract exists	Voidable Can be voided by one party	Unenforceable Parties can complete but it is unenforceable	Valid Binding and enforceable
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Terminating a Contract

Full Performance Contract is executed	Agreement Between the Parties Parties both agree	Assignment Transfer of rights or duties to third party	Novation Substitution of a new contract	Accord and Satisfaction A new agreement between parties
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Remedies for Breach of Contract

Rescission Parties put back in original position	Liquidated Damages Damages agreed to in the contract	Actual Damages The amount of money actually lost	Specific Performance Court forces party to complete the agreement
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Listing Agreements

A listing agreement is an employment contract between a real estate broker and a seller. The contract form used will depend on the broker, the market in the area, and whether the broker belongs to a Multiple Listing Association (MLS). Many MLS's have standard agreements that are used by the members. In addition, there are rules as to the type of listings accepted.

REVIEW THE LISTING AGREEMENTS PROVIDED BY YOUR OFFICE AT THIS TIME!!!!

Types of agreements

Exclusive Right to Sell agreements are the most common listing agreements. The seller has a contract to pay the listing broker a commission regardless who procures the buyer. If the seller finds a buyer, the seller still owes the broker commission according to the terms of the agreement.

Exclusive Agency Listing agreements are listing contracts whereby the seller contracts the listing broker to market the property but if the seller retains a buyer independently of the marketing of the broker, then the seller does not owe the commission.

Open Agency listings are agreements where a seller lists a property with one or more real estate brokers. The broker that procures the buyer is entitled to the commission. Most MLS's do not allow open listings in their system.

Terminating Listings

Listing agreements can be terminated by any of the following. In some cases the termination will result in the payment of commission and in others there may be no commission paid.

Successful closing of a sale includes an executed purchase and sale agreement. When the sale closes, the listing agreement terminates.

Expiration of the Term of the listing terminates the agreement. The term of the listing agreement is agreed upon by the broker and the seller. There is no minimum or required term of a listing agreement.

Mutual Agreement by both of the parties can terminate the listing agreement. The broker and the seller may agree to end the listing prior to the term of the listing.

Loss of Broker License can terminate the listing agreement. If the broker dies, closes the business, or has the license suspended or revoked the listing agreement terminates.

Court Action. The courts could declare a listing invalid or the listing agreement void.

Changing Brokers. The listings belong to the broker of the real estate office. If the real estate agent moves their license to another real estate firm, the listings only follow the agent if the broker releases the listings to the next broker.

Safety Clauses

When a listing agreement terminates there is often a clause that provides for the payment of commission after the termination upon certain conditions. This prevents a seller from intentionally attempting to avoid paying commission to a broker who is entitled to it. For example, if the seller sells the property to a buyer shortly after the expiration of the term of the listing who was procured through the marketing efforts of the broker.

Listing Agreement Terms

Price

The listing agreement must have a listing price. The real estate agent advises the seller as to price, but it is the seller that determines the listing price.

Legal Description

It is important to have a full legal description so that there is no ambiguity as to the property that is for sale.

Multiple Listing Association

The listing agreement may include terms that the listing be shared with other brokers that are members of a MLS in the market. The agreement may define the role of the MLS.

Commission

The listing agreement details the amount of the real estate commission. Commission are often either a flat fee or a percentage of the sales price. The commission is often shared with the cooperating brokers as agreed between members of an MLS.

Agency

The listing agreement discloses the agency relationship including single and dual agency.

Extension

The listing agreement may have a 30 day extension which commences at the time a transaction fails to close.

Attorney Fees

There is a provision for attorney fees if an attorney is retained to enforce the agreement.

Property Information

The listing agreement has a property description. In addition, a seller in Washington State is to complete a "Real Property Transfer Disclosure Statement" when selling a property or the buyer can refuse to complete the sale. The most common listing agreement in Washington State includes a reference that the disclosure statement be provided to the broker "as soon as reasonably practicable" when listing.

If the seller refuses to provide disclosure but any answer on the environmental section is a "yes" then that section must be given to buyer.

Section 3 Ownership and Disclosure

Ownership

Only the owner or an authorized party can sign the listing agreement, make changes to the listing agreement, terminate a listing agreement or sign a purchase and sale agreement. When taking a listing, a real estate agent is encouraged to obtain a copy of the last deed. The deed will most often show the parties on the title. But, the deed does not always show the legal owners or those that can sign for the property.

Individual Seller

An individual may own the property. Their full name is often on the last deed. Watch that sometimes the name may be different due to marriage, for example. Sometimes you might find a parent also on the deed and the sellers forgot!

Husband and Wife

Washington State is a Community property state. The property may have been bought and owned by a husband and wife and both names may appear on the last title. But, there are circumstances where the last deed has only the name of one of the spouses. It may be community or separate property. It is important to never make assumptions as to ownership in a marital situation. If there is a marriage, the other party most likely has some ownership interest!

Power of Attorney

The owner(s) of the property may have another person authorized to sign. That authorization is called a power of attorney. There are several types and it is important to check with escrow to see if they will accept the Power of Attorney. It must be notarized. The real estate agent should have a copy of it in the listing file with the broker. Ask why they are using one and beware of circumstances such as a wife having a Power of Attorney for a husband when in the middle of a nasty divorce!

Corporation or Partnership

There is an authorized officer or partner that has the authority to sign. The real estate broker should have documentation as to the authorization. A limited partnership may have only the Managing Partner sign. Other partnerships may require all partnerships to sign.

Several Owners

There may be more than one owner of the property. Without any authorization, all owners must sign all agreements to list and sell.

Court Representative

If the property is being sold as the result of a bankruptcy, estate, or partition, there is a representative of the court that is authorized to sign.

The Bank

In the difficult market with a large number of property owners unable to make the payments, the ownership may be going to the bank. Make it is clear who has the right to sell the property in these cases.

Legal Description

The legal description is the accurate description of the property that is listed. If the legal description is not included then the agreement could be considered unenforceable.

The most effective way to obtain the legal description is from:

- The copy of the last deed from a title insurance company, or
- The title insurance policy that the sellers may have in their file.

The tax parcel number and the street address are NOT sufficient legal descriptions. In addition, the abbreviated legal available from the tax records is not complete. A legal description contains the description of the real property including easements and rights and even common areas if applicable.

Evaluating Property Condition

Both buyers and sellers are afraid that the other party may be hiding something. It is possible that one or the other may not be totally honest in his representations. Even when this is not the case, the suspicions of either party can be a difficult barrier. The law states that there can be no misrepresentations and real estate agents must abide by it and bring to light any concerns about items of consequence in the transaction. All facts that have an impact on the transaction must be disclosed.

The agent could be liable for active fraud for intentionally misrepresenting a defect with the property. If the agent made false statements about the property and "should have known" that they were false, the agent could be liable for negligent misrepresentation. If the seller misrepresents the property but the seller is unavailable or bankrupt, the buyer's attorney will look to the listing agent and broker for damages!

When a real estate agent prepares a market analysis report and gets ready to list a property, it is important to look carefully at the neighborhood and the structure. It is not always the questions that you are unsure of the answers, but the questions that you fail to ask.

Anything that would affect a buyer's decision to buy or how much that buyer would pay for the property must be disclosed! Keep your eyes and ears open. Misrepresentation is the largest source of lawsuits!

Ignorance will never hold up in a court of law. The condition of the property directly affects the value. The principles of value need to be weighed along with the condition and the amenities of the property.

Be especially conscious of environmental factors that should be disclosed including:

- Mold issues
- Underground Storage tanks
- Power lines
- Asbestos in ceilings and insulation
- Lead in paint and plumbing
- Indoor air quality from lack of ventilation
- Gas fumes from poorly installed or vented fireplaces and other gas appliances

Evaluating the neighborhood.

- Zoning, new construction, parking, schools, parks, noise?
- Utilities? Septic or sewer? Gas or electric? Cable? Water availability?
- Access? Easements? Road Maintenance agreement?
- Encroachments? Fences?
- Roof? Condition? Type? Pitch? Age?
- Gutters? Down spouts? Standing Water? Drainage?
- Landscaping? Earth to wood contact?
- Heating systems? Hot water tank? Electric box? Appliances?
- Insulation? Attic? Crawl space? Windows? Hot water tank?
- Plumbing? Check for leaks? Septic tank condition?
- Attic accessible? Vented? Vented crawl space? Crawl space have visquine?
- Dry rot? Bathroom floor? Behind tiles?
- Peeling paint?
- Floor plan? Functional obsolescence?
- Cracks anywhere?
- Wood stoves? Approved wood stoves? Chimneys?
- Remodeling? Additions? Permits? Up to code?
- Foundation? Type ? Cracks?
- Property Size?

Be very careful on the way you phrase a question or answer one. For example, " Mr./Mrs. Seller, is the property on the sewer line?" Does "on" mean hooked up or that it is running in front of the property? Actual lawsuits have centered on just this kind of misunderstanding!

Property Information Disclosure

Since 1994, Washington State Property Information Disclosure law RCW 64.06 requires a seller of residential and vacant land that is zoned residential real estate in Washington State to provide a buyer with a disclosure statement as designed by law prior to the closing of the transaction whether or not the sale occurred with a real estate broker or without a broker. There are sellers that are exempt, for example, estate sales. If the seller does not provide the buyer with the form, then the buyer has the right to rescind the transaction prior to closing.

The sellers provide it to the buyer. If not, the buyer can choose to not close. There are some sellers that are exempt. The Disclosure Law Form deals strictly with the structure of the property itself.

If the seller does not provide the buyer with the form and the seller does not disclose a material defect, the fact that the sale closes does not automatically relieve the seller from disclosure.

The seller, with or without the form, is required to disclose all material defects.

According to some attorneys, no other single document in a real estate purchase and sale agreement has generated as much litigation as this particular form. Over 2/3^{rds} of all real estate lawsuits center on misrepresentation.

If the seller is concerned that disclosure may harm their chances of getting the sales amount they hope to get, then most likely the item they don't want to disclose could cost them a fortune in the future.

If there are environmental issues that would be answered "yes" on the form, the seller must provide that disclosure to the buyer.

Seller fills out the form.

From the day real estate agents were presented with the form, brokers, the MLS and trainers have clearly recommended that the seller is the only one to complete the document. The agent must NOT help or assist in the filling out of the form.

There are times that the agent has reason to believe that information on that form is not correct. In those cases, it is not wise to "play ignorant" and not question the information that you are passing on to the buyer. If the buyer is "damaged" you may find yourself in a lawsuit trying to explain why you didn't question grossly inaccurate information you "should" have known was incorrect.

Negative Stigmas

One of the most controversial topics today is the issue of "negative stigmas" that may affect the buyer's decision to purchase the property. The form does not ask about any defects other than those that directly affect the structure or the title.

A negative stigma may be described as a murder, ghost, barking dog, drug house in neighborhood, or a sex offender in the neighborhood.

If the agent is faced with one of those types of issues, do not make the decision whether or not to disclose with the seller. This is the time to meet directly with the broker and/ or the corporate attorney!

Past or Corrected Defects

Another hot issue concerns material defects that HAVE been corrected in the past and are no longer "existing." In too many lawsuits in the past decade sellers have chosen not to disclose and the problem has resurfaced putting the real estate agent and broker in a courtroom. If you are faced with this question by the sellers, it is probably in their best interest to DISCLOSE!

Section 4 Marketing Listings

There is usually no more effective way to market a property than through the multiple listing service. Each multiple is governed and managed differently, but the agents pay their share to belong. It currently is only available to member agents and real estate offices. So the information in the real estate market is currently in the hands of the agents. In the future, this most likely will change.

The market when selling your home is directed to the agents. Every buyer at one time or another seeks the aid of a real estate professional, regardless of whether or not they plan to purchase from an owner directly.

No organization or advertising program for any amount of money can accomplish what the multiple listing association can do for sellers today. As a member of the multiple listing service the seller is hiring hundreds and maybe thousands of sales representatives for their property.

Ingredients That Create Sales

There are four ingredients that will create a sale on one of your listings. In order to be successful in the business of listing property, you must keep these four ingredients in mind. If you skimp in the ingredients in a recipe often that concoction turns out less than expected. The same goes in real estate.

1. Choose Inventory Carefully

Choose your listing inventory wisely. When you go out the door to a listing presentation, take the position that you want to evaluate whether you want the listing or not.

You do not want your sign hanging in a neighborhood for a year or more! That sign with your name on it can bring you business in the name of referrals from the neighbors that see it daily. The neighbors will be impressed with your skills when they see a sold sign. But, it will kill any potential referrals if the property does not successfully sell.

Some agents list properties that are expensive, on waterfront, or have some spectacular feature so that they can say that they were the listing agent. They might dream of dozens of phone calls from prospective buyers who drive by the property and call to inquire about the price. But, seldom do real estate agents ever make enough money or contacts from a listing that doesn't sell.

Imagine all the excuses you will have to dream up for the seller when they haven't seen any quality buyers or an offer in a month, six months, or a year! During the listing presentation, often the real estate agent forgets about the appointments in the future when the property does not sell. Those appointments can be very difficult and sometimes even painful.

It is important to tell the sellers that you are evaluating whether you want to market their property. Let the seller know that you do not take every listing. You only list properties that SELL!

No matter how hungry you think you are, a listing that won't sell will never pay your bills. It will sap your energy, drive, and checking account. In addition, it does not benefit the consumer to waste their time and energy if there is no hope of the property selling.

2. Pricing Property is a Critical Step

The primary factor in getting a property successfully sold is the **PRICE!** All those excuses are wasted effort because the seller is asking too high a price to get the potential buyers interested. The sellers determine the asking price with the advice of an agent.

Your skills in researching and preparing a market analysis report will contribute the most to your success in listings sold. A real estate agent has more tools and technology available than imaginable just a decade ago. In almost an instant, research can uncover the deeds and sale prices of all homes in the area including their size and features. The price must take into consideration the condition or "quality" of the product. The property must "beat" the competition to the buyers.

A house for sale is not that different than other products in the marketplace for sale. For example, a car that is available for sale has a sign in the front window. Ask the seller how much his car is worth. If he says the current market value is in the neighborhood of \$8,500, then ask if he has the confidence that you can sell it for \$13,000. It encourages sellers to look at their home as a product. It doesn't matter what kind of song or dance you or the seller do to market the property, if it isn't priced competitively, the buyers will look the other way.

3. Finding the Largest Audience

The marketing program must connect the largest number of buyers to the property. Marketing programs can consist of small "For Sale by Owner" signs posted on utility poles or full-scale advertising campaigns on television. In the real estate field it is unique that the price a seller often pays for the marketing of their property is seldom directly connected to the cost of the marketing campaign. It is also different from other industries in that, the high cost of marketing efforts *seldom* reflects higher prices or faster sales.

In real estate the most effective way to market a property is through the multiple listing service. Over 90% of sales can be directly related to the multiple listing service and the agents that participate. Now, MLS' are entering the world of the Internet. A prospective buyer can locate a listing in the local MLS, as well as the web sites for most major real estate companies and the web sites for individual agents. But, the internet has become such a vast source of information that the MLS locally is still the most effective database of available properties. The largest market for a seller listed with an agent is the other agents in the multiple listing service. The larger the market, the larger the demand, and the higher the price.

4. The Seller Creates the Sale

The sellers must be in the frame of mind to sell the property. There is often an emotional attachment to a property. This attachment can include the security of a home nest, but also the financial consequences, the conclusion of an era or relationship, either with the property or the sellers. The seller's focus on creating a sale will be reflected in the price they choose to place on the property.

If a property is priced right and is available to the largest audience...if the sellers do not really want to sell...it either won't sell at all...or when it does, the seller will encounter more obstacles than necessary. Most sales will carry with them some kind of perceived pain in the form of emotional attachment, monetary loss, or fear of change.

The Seller's Objectives

The seller's objectives are to get the most money possible, with the most favorable terms. It would be best if the time frame was short and with the least amount of inconvenience.

The Seller's Alternatives

The mere fact that a property owner decides to sell identifies them as sellers. Then they are faced with two alternatives:

1. Become a FSBO and attempt to sell their own property, or
2. Hire a real estate agent to represent them and market the property.

Marketing Program for the Sale of the Listing

The Listing Process

1. Provide a pamphlet on the Law of Agency.
2. Prepare a Competitive Market Analysis of the home.
3. Recommend a range of value for the home at today's market.
4. Discuss the marketing program for the listing.
5. Complete and review the Listing Agreement with the sellers.
6. Have sellers fill out the Property Information Disclosure form.
7. Make recommendations for preparing the home for sale which might include staging.
8. Install a lock box and the "For Sale" sign.
9. Input the listing to the Multiple Listing Service.
10. Input the listing on your personal web page

Marketing Program

11. Company Tour.
12. Information sheet on the home.
13. Brokers open house
14. Flyers distributed
15. Advertising Newspapers and Magazines.. but this is being phased out...obviously!
16. Internet marketing
17. Open house
18. Direct Mail
19. Other including the Internet or home page

Negotiating the Sale

20. Be present when any and all earnest money agreements are presented.
21. Make sure there is documentation that the purchasers have been pre qualified/approved.
22. Review the contracts.
23. Keep open lines of communication and work toward a mutual agreement.

Follow up

24. Keep in contact with the seller weekly.
25. Contact all agents that show the property.
26. Advise them on any changes in the market that may affect the listing.
27. Keep them informed as to the sales of competing homes in the area.

Where Do Buyers Come From?

Firm Name Recognition or Salesperson Contact The buyer decided who to call before looking at homes!	40%
The "For Sale" Sign The buyers found a home, often in their own neighborhood, that they liked!	20%
Responded to an Advertisement They called about an ad but they purchased another property! How will the Web change this?	18%
Came to an Open House They came to see a house but they purchased another property!	8%
Referral or Relocation Another party referred them to a company or an agent!	7%
Bought an Advertised Property	3%
Bought an Open House They Saw	1%
Bought for a Combination of Other Reasons	3%

Buyers usually compare an average of only 15 to 25 homes before making a decision to buy.

Internet Marketing

Just about every seller and buyer has been online to either check out the market value of their property or search for properties for sale. Unfortunately, our NWMLS is behind the 8 ball when it comes to internet marketing. A seller to try to determine value will most likely go to websites like Zillow.com which is based on tax records and computer models which are not necessarily accurate. Buyers will face a million website when looking for "Homes for sale" in the city they desire.

But, the resources for marketing your listings are vast. It takes only minutes to post photos and to even make a small video of the interior. There is the office website. You might start a blog on each of your listings and then market that blog to prospects and on sites like twitter. Photos and information can be posted on Facebook.com.

Market Time

The first 30 days of a listing period are the most critical marketing time. This is when the home gets the most exposure. Just about every tool the agents have at hand is used during this time. Research shows that most homes that are competitively priced sell in the first month.

Homes Sold Within....

1 Month	40%
2 Months	7%
3 Months	7 %
4 Months	20%
5 Months	10%
6 Months	7%
7 Months	9%

Why do most homes sell in the first month?

What types of marketing do agents do during the first month?

What types of marketing that are done in the first month cannot be repeated again?

Why is there a rise in the percentage of homes sold in the 4th month?

Why is there a rise in the 7th month?

In the market we have faced in 2008-2009, properties are taking longer to sell and prices are dropping. But, there are sellers that are priced competitively and do see quickly. There are times in the most affordable category of listings that multiple offers have been reviewed.

Just like Nordstrom, the newest and most desirable products are up front and center and sell quickly if the consumer sees value.

How to Write a Successful Advertisement... print or web

Buyers look for when reading ads

Location	70%
Size and Number of Rooms	45%
Price and Terms	40%
Type of construction	33%
Condition or Appearance	20%
Age	17%
Type of Heating	17%
Basement?	8%
Size of Lot	6%
Details about features	4%

Sell the property... not the potential buyers... as that could lead to a fair housing violation.

Write Ads that Sell

Use the AIDA method from all your old marketing texts!

ATTENTION Use the headline to attract the attention of the reader.

INTEREST Arouse interest in your opening sentence. Use emotional, economical or investment appeal.

DESIRE Create desire in the body of the ad by describing all the features of your home.

ACTION Impel action in your closing lines. Mention price and phone number. Create a sense of urgency.

Don't be Boring

Oh.. I can see it now..

Gorgeous Rambler on acreage

Large 3 bedroom, 2.5 bath home on large level lot. Updated kitchen and baths.

Two car garage with shop. Convenient to shopping.

Or

Large Split Level home

Four bedrooms with a large rec room. Two full baths and a guest bath on main floor.

Spacious deck for entertaining. Two car garage.

Can you cut an paste the description of your listing on another agents listing? What is unique about your listing that sets it apart? Do you have a boring photo of the front? What does the front door look like? What feelings does the house exude. Think of the property features.. (not the people)... does it have a purple hot tub?

Most people make the decision at the front door... the look at the properties in an area they want to live and then make the decision almost right away. It is an emotional decision no matter how much logic is put in it.

Fair Housing

The Fair Housing Act outlaws almost every discriminatory notice, statement, and advertising that relates to the sale or rental of housing. This advertising rule applies even to those persons otherwise exempted from the Act. For the first two decades after 1968, there were few reported court cases involving discriminatory advertising. Beginning in the early 1970's, HUD issued Advertising Guidelines, which are now published in HUD's regulations.

The Fair Housing Act makes it unlawful to discriminate in the sale, rental, and financing of housing, and in the provision of brokerage and appraisal services, because of race, color, religion, sex, handicap, familial status, or national origin. The Fair Housing Act makes it unlawful to make, print, or publish, (or cause to be made, printed, or published), any notice, statement, or advertisement, with respect to the sale or rental of a dwelling, that shows an intention to indicate **any preference, limitation, or discrimination** because of race, color, religion, sex, handicap, familial status, or national origin. When advertising, bear in mind that you cannot use **ANY** words that are discriminatory in nature. **There is no complete list!**

Seattle Times Case

A case was won against the Seattle Times newspaper where an ad said, "two blocks from St. Mark's cathedral." These words can include, but are not limited to:

Adult	Sex	Integrated	Senior Citizens*
Bachelor	Single	Membership	Physically Fit
Couple	Two people	Approval	Person
Family	Christian	Mentally Ill	Private
Mature	Executive	Religious	Race
No Children	Exclusive	Religious	Restricted
One Person	Handicap as in not	Landmark	Senior Discount*
Retired	suitable for...	Older Persons*	

*Housing for elderly may be exempt from the Fair Housing Act if specific criteria have been met.

Other Words to Avoid

This list gives a sampling of words that may indicate a preference, limitation, or discrimination towards a member of a protected class. Remember that it is NOT the intent of the real estate agent, the copywriter, or the publisher. It is the EFFECT! Have you used any of these words?

Able-bodied	Healthy only	No seasonal worker
Active living	Homogenous	No Section 8
Adult living	Integrated	Secure
Adults only	Kids	Singles only
Agile	Mature couple	Single person
Alcoholics	Mature persons	Stable
Bachelor	Membership	Students
Board approval	approval	Synagogue
Children or No children	Mom	Temple
Near Church	Mother-in-Law	Two people
Couple	Newlyweds	No unemployed
Dad	No play area	Walking distance
Desirable	Non-smokers	Young
Discriminating	Number of children	
Employed	Physically fit	
Empty nesters	Private	
Exclusive	Near Private school	
Executive	Quality	
Gentlemen's retreat	neighborhood	
Grandma or Grandpa	Quiet	
Not for handicapped	Quiet tenants	
	Responsible	
	No retarded	
	Retire	

Washington Discrimination Law

Washington State Law in RCW 49.60 prohibits discrimination in employment, credit, and insurance transactions, in public resort accommodation or amusement and in real property transactions because of race, creed, color, national origin, sex, marital status, age, or the presence or any sensory, mental, or physical disability or the use of a trained guide dog or service dog by a disabled person. The law applies to ALL real property transactions including sale, appraisal, brokering, exchange, purchase, rental, or lease of real property or applying for a real estate loan. The word "handicap" was amended to read "disability." Individuals with HIV or perceived HIV infection shall be evaluated in the same manner as other claims of discrimination based on sensory, mental, or physical disability. Sexual Orientation was added as a protected class in Washington State in 2007.

Local Fair Housing and Discrimination Laws

Cities and counties across the country are developing their own guidelines and laws. It is important to remember that the most laws in the county or city must be adhered to because often they include more stringent rules and a larger list of protected classes. Note the following list from the Puget Sound Area.

King County

Fair Housing Ordinance
K.C.C. 12.20
King County Office of Civil Rights and Compliance

The protected classes in King county include:

Race
Color
Religion
Sex
National Origin
Disability & Guide Dog
Parental Status
Marital Status
Age
Sexual Orientation
Section 8 (housing Subsidy)

Administered by OCRC
E-224 King County Courthouse

In addition to these, there are other jurisdictions that have discrimination laws.

The City of Bellevue, Department of Community Development,
<http://www.ci.bellevue.wa.us/>

The City of Tacoma, Tacoma Human Rights Department,
The City of Spokane, Northwest Fair Housing Alliance

City of Seattle

Open Housing Ordinance
SMC 14.8
Seattle Human Rights Department

The protected classes include:

Race
Color
Religion
Sex
National Origin
Disability
Parental Status
Marital Status
Age
Sexual Orientation
Ancestry
Political Ideology
Section 8

Administered by SHRD

Section 5 Closing Costs, Commission, and Conclusion

Sellers Net Proceeds

When listing a property, the listing agent needs to give the seller a rough estimate of the costs involved and the net proceeds available at the time of sale.

The costs can include, but are not limited to:

Title Insurance

The amount is based on the purchase price of the property

In a typical real estate transaction the seller pays for a title insurance policy for the buyer. This assures that the seller has marketable title.

The buyer pays for a title insurance policy for the lender. It assures their interest in the property. The lender typically does not want to be in second position behind any other liens or judgments.

Escrow Fee

Typically, half the fee is paid by the seller and half by the purchaser. In Washington State escrow companies are licensed. Banks, title companies and attorneys do not have to be licensed. An escrow company typically holds deposits and completes the paperwork, and disburses funds prior to closing.

Recording Fee

Records the satisfaction of the mortgage when the seller completes the sale. The documents for the sale are recorded in the county at closing.

Excise Tax

A tax based on the sales price. It varies by city and county. Typically the excise tax is paid by the seller.

Brokerage Fees

The commission paid to the real estate broker(s).

Mortgage Interest

The interest in the loan is paid in arrears. One months interest may be due at closing.

Buyers Costs

The agreement may call for the seller to pay some of the buyer's costs including discount points.

The Commission

Real estate agents belong to one of the largest groups of licensed professionals. The most valuable item they have to protect and defend is their reputation. The only thing they have to sell is their service. They are most often paid only when they actually complete a successful sale. It is in their best interest to see that all parties are dealt with fairly because satisfied clients can become repeat clients or send others to the agents.

The commission is the compensation for the performance of services related to a real estate transaction. To be entitled to receive a commission in Washington, a real estate agent must be licensed in the state. The seller may only be liable for payment of the commission if the agreement was in writing.

If you are showing a buyer a “home for sale by owner,” you should have a buyer agency agreement that details the commission payable and by whom.

Commission Amount

The amount of commission is always negotiable. It is not set by laws, multiple listing services, real estate broker groups, or professional associations. The commission amount is negotiable between the broker and the seller.

Brokers cannot fix or set uniform commission rates. The commission must be negotiable due to anti-trust laws. Real estate agents and brokers from different companies are not to discuss commission rates or it could be construed as price fixing, a serious crime. This includes casual or what might be considered *innocent* discussions about the rates their brokers are charging.

To avoid the perception of price fixing, the Northwest Multiple Listing Association does not publish the full commission rates on the listings. Often, only the sales commission paid to cooperating brokers is published.

The broker of a real estate firm can establish the commission rates that the agents in the firm charge. There are a number of companies that are “limited service brokers” in that they have a menu of services that they charge commission for. They may have a “flat fee” that they charge the sellers. Real estate brokers can determine their own business model with unique commission arrangements paid by sellers, buyers and split with cooperating brokers.

Payment of Commission

All commissions in a real estate firm are paid to the brokers and not directly to the agents. The salesperson may only receive a commission from the broker that he/she is licensed under. A real estate agent whether they are an associate broker or they have incorporated, CANNOT receive a check for payment of brokerage services from anyone except their licensed broker!!!

The listing agreement should specify the amount and the time the commission is due and payable.

The broker is due the commission when all the terms of the purchase and sale agreement are satisfied. This may be after conditions specified on the agreement are met.

Relationship of Value and Commission

When preparing the market analysis report, bear in mind that the value of the home is determined by analyzing similar properties. The value is not related to the amount of commission paid on the sale. The commission is not a part of the public record.

Listing Agreements Discussion

It is important to know the answer to the following questions. If you have any concern about the answer, please contact the school or your broker.

When do you earn a commission?

What if the seller breaches the contract?

What if the seller gets ill and dies during the period of the listing contract?

What if you find a buyer and the Seller decides not to sell?

What if you find a buyer and the buyer doesn't qualify and the sale fails?

What if the seller sells the property to a relative during the listing period?

What if the seller sells 30 days after the listing expires to someone who saw it while it was listed?

What if only the husband signs the listing agreement?

What if the house burns down during the listing period?

What if the seller removes the stove when they move?

How do you compete with a limited service broker?

If you no longer spend money on print advertising... what ads are the sellers paying for?

What if the seller wants to keep the chandelier?

What if the seller wants to list the home 20% higher than your market value range?

What if the seller has an appraisal that is higher than the range of market value you gave him?

What if you change from one real estate firm to another during the testing period?

What do you say to a seller when the house has an offer on it within 48 hours of being listed?

Most Commonly Asked Questions about Listings

(Natalie's best answers today!)

Where can I find more listings? What is the best prospecting method?

Ask for referrals from everyone. Choose three prospecting methods and stick to them!

How can I convince the seller to reduce the price? The property has been listed for 3 months. The seller says that it is a unique property and I need to be more patient.

The market statistics vary per area and three months may be a long time or short. But, an overpriced listing will NEVER pay your bills. It will only sap your energy and money. Provide the seller with market statistics and information sold properties during the past 3 months.

I have a condo listing that is priced well. It is right in the range of the other condos that have sold recently, but this one does not have activity and no offers.

There are numerous reasons a property does not sell but primarily the market and the sellers motivation and price.

The sellers say that they have to get \$500,000 for their property. They need that much to make the move to the new house. Their property is only worth about \$475,000. What do I say to them?

Can I sell your \$8,000 Ford truck in the driveway for \$12,000? What if I put a full page ad in the Auto Magazine or park it in a visible location? Will I ever get \$12,000 for an \$8,000 truck?

The sellers feel it is necessary to interview other real estate agents before they choose whom to list with. What can I respond with?

Many sellers feel that it is important. Make sure that you ask them if they have any reservations about listing with you before you leave, so you can try to answer the objections they might have.

The last agent the sellers met with told them that they could get much more money for their home than I told them. They say that they want to list with the agent that can get them the most money.

Real estate agents are incredible sales people, but they have no control over the price that the buyers will pay for the property!

The seller says that she wants to sell to a nice family because her neighbors in the cul-de-sac will really appreciate that. Besides, the house is in a perfect family neighborhood.

Familial status is one of the protected classes under the Federal Fair Housing Laws. It is the same as saying the same thing about race, color, religion, sex, national origin, or handicap. And besides, how do we know that that "perfect" family isn't "perfect?" I haven't seen one yet!

The seller wants to negotiate the commission. They want me to reduce my commission by a half.

The commission is often decided by the broker of the real estate office. Say you understand and agree that it seems to be high, but in fact it is broken down and pays many costs and fees.

The seller is so excited about the offer coming in on the house that she drinks several beers to calm down. Do I present the offer?

Do not be the person that purchases and provides the beer to the seller! If the seller has had too many and is obviously intoxicated, then it would be foolish to put a pen in her hand to sign!

The sellers have gone online to a website such as Zillow.com and determined that the property value is much higher than your CMA. How do you dispute it.

First of all, you need to know what Zillow.com is saying about the value of any property you are presenting a CMA on. Be prepared not just with your comps but also with those the seller might find online! Know as much as you can about the comps. Use your car as an example... how much is your car worth? Do you just take what the dealer says? Do you only take the highest value on BlueBook.com?

Conclusion

When you have a listing, you have a contract from sellers whereby they agree to pay you commission when you bring an offer from a ready, willing and able buyer on their terms.

The motivation the seller has for selling will often vary per the market. The market conditions, the interest rate, and the weather have little or no impact on the reasons your past 5 sellers decided to list their property for sale. When you are asked if they are motivated...the answer is "yes!" It is confidential why they are selling. "The sellers have moved, are moving, or planning to move."

Your primary responsibilities as a real estate agent representing the seller include: Advise on pricing and market conditions, maintain agency relationship, market the property, negotiate the sale, and follow the sale through escrow.

The most difficult part of the agents responsibility is to translate what the buyers and sellers agree upon into contract form.

New listing agreements include consensual dual agency. Understand what that means.

There are no strict rules when preparing a market analysis and estimating value. There are guidelines to follow based on principles the appraisers follow.

The seller must disclose all material defects in the property. What does that mean?

The most powerful marketing tool is the Multiple Listing Service. There are many other tools that are used to market properties.

It is important to provide the seller with a detailed estimate of the costs to sell.

The commission is always negotiable between the seller and the broker.

Signing Listing Agreements Quiz

Section 1 Listing /Agency

1. As a listing agent you have a contract to market property and get paid _____.
2. Your market area encloses all your future listings. True/ False
3. As a listing agent, you can only control the number of houses _____ sell.
4. The market is generally _____ driven.
5. The reason a seller lists can be _____ if it doesn't affect the sale.
6. No matter what condition the market, there will always be buyers and _____.
7. A listing agent should advise, _____, and make recommendations.
8. As a listing agent, your "product" is _____.
9. Licensees must provide a pamphlet on the Law of Agency prior to a party _____ an agreement.
10. Licensees must account in a timely manner for all _____ and property received from a party.
11. A seller's agent must make a good faith and continuous effort to find a _____ for the property.
12. A seller's agent must advise the principle on matters beyond his or her _____.
13. A licensee can be a dual agent only after written consent of both parties which includes terms of _____.
14. The seller's agent discloses agency in the _____ agreement.
15. A licensee must account in a timely manner for all _____ and property received.

Quiz... complete this quiz... there is an answer sheet on page 35!

Section 2 Listing Agreements

16. A listing agreement is an employment contract between a broker and a _____.
17. To enter into a valid contract a person must be _____ years old.
18. According to the statute of _____ all real estate contracts must be in writing.
19. A listing agreement whereby the seller pays the listing broker regardless of who procures the buyer is a _____ listing agreement.
20. If the broker dies or closes the business the listing agreement _____.
21. A clause that provides for the payment of commission after termination of the listing if certain conditions are met is a _____ clause.
22. When listing a property it is important to obtain a full _____ description.
23. The last _____ will often have the names of the parties in title.
24. If a married couple occupies a house and lists it for sale and only one name is on the deed, is it necessary to get the signatures of both husband and wife? yes/ no (circle one)
25. An example of personal property that often remains with the home is _____.

Answer the following questions based on the listing agreement most commonly used in your office.

26. If the seller finds a buyer through his own efforts, does he owe the commission to the broker on this type of listing? Yes / No
27. This agreement provides for a _____ month safety clause.
28. Does the listing agreement have a clause that gives the broker permission to market the property through a multiple listing service? Yes/ No
29. Does the listing agreement disclose dual agency? Yes / No
30. Is there a provision on the listing agreement to share commission with a real estate broker from another company. Yes/ No

Section 3 Ownership/ Disclosure

31. Only the _____ or _____ may sign or make changes to a listing.
32. The _____ will often show the owner of the property.
33. If there are four owners of the property, how many signatures are needed on the listing agreement? _____
34. A notarized Power of Attorney only authorizes the real estate agent to sign for the parties.
True / False
35. The real estate agent does not have to have a copy of the Power of Attorney in the listing file.
True / False

36. A complete legal description for the property can be found on the _____.
37. The street address is sufficient for a property description on the listing agreement.
True / False
38. _____ will never hold up in a court of law.
39. The condition of the property directly affects the _____.
40. The property information disclosure law only applies to properties that are listed in the MLS.
True / False
41. _____ fraud is when an agent intentionally misrepresents a material fact.
42. An agent SHOULD/ SHOULD NOT consult their broker before taking a listing on a property that was the scene of a crime and the sellers do not want to disclose.
43. The basement has flooded every other year but the sellers assured the agent that the drain tiles under the downspouts they installed last week will correct the problem. The sellers do not want to disclose the flooding. The agent SHOULD/ SHOULD NOT consult their broker before listing.
44. The seller is a representative of an estate and therefore is _____ from filling out the Property Information Disclosure form.
45. The Property Information Disclosure Form is a national form used throughout the country.
True / False

Section 4 Marketing Listings

46. There is no more effective way to market listings than through the _____.
47. _____ your listings carefully.
48. It is important to list only properties that will successfully _____.
49. The primary factor in getting a property sold is the _____.
50. If a property isn't priced competitively, then it most likely will not _____.
51. The high cost of marketing efforts in the real estate industry _____ results in higher prices or faster sales.
52. Sellers often have an _____ attachment to the property.
53. The sellers objective is to get the most _____ possible.
54. Most buyers come because of firm name _____ or salesperson contact.
55. Approximately _____% of homes sell in the first month.
56. The most important feature the buyers look for when reading an ad is _____.

57. AIDA is an acronym for Attention, Interest, _____, and Action.
58. The seven protected classes under the Federal Fair Housing Law are Race, Color, Religion, Sex, National Origin, Familial Status, and _____.
59. An ad that read "Near St. Jude Catholic Church" WOULD / WOULD NOT violate the Federal Fair Housing law.
60. Write the word that DOES NOT violate the Federal Fair Housing Laws.
COUPLE, KIDS, BACHELOR, ORIENTAL, AGILE, CONTEMPORARY, EXCLUSIVE,
INTEGRATED.

Section 5 Closing Costs, Commission, and Conclusion

61. The seller pays for a title insurance policy for the _____.
62. The buyer pays for a title insurance policy for the _____.
63. The seller may have to pay one month of the _____ on their mortgage loan.
64. An escrow company in Washington State must be _____.
65. The amount of real estate commission is always _____.
66. The broker of a real estate firm can establish the _____ that the agents charge.
67. To avoid price fixing, the MLS does not publish the total _____ only the amount paid to the cooperating brokers.
68. All commissions are paid directly to the _____.
69. The agent can only receive commission from the _____.
70. The listing commission is earned according to the terms on the _____ agreement.

Answer Sheet... Signing Listing Agreements

1		35	
2		36	
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		70	

I attest that I have read the materials and have answered the questions.

Date Course Started _____ **Date Course Completed** _____
Print Name _____ **Company** _____ **Signature** _____

PROFESSIONAL Direction,
 13148 Holmes Pt Dr NE, Kirkland WA 98034
 Phone (425) 821-8585 Email: clockhours@gmail.com

Mandatory Evaluation

You can mail by US Mail the paperwork and tuition or Scan and include a credit card number.

Did you read the material in the booklet on this date? YES / NO
 Did you complete the quiz for the course? YES / NO
 Did you enclose Tuition (\$3 for 3 hrs, \$40 for 5 hrs, \$50 for 7.5 hrs) YES / NO
 Did you fill out and sign this form? YES / NO
 Did you attach the answer sheet for the quiz? YES / NO
 Paid by Check or Visa/MC # _____ exp _/_____
 Why did you choose to take this course? Topic? Time? Cost? Ease? Other?
 A "clock hour" is 50 minutes. A 5 hour class should take about 4 hrs 10 min.
 How long did it take you to complete the course? _____

	No			Yes	
Will the material you learned improve your performance?	1	2	3	4	5
Were the course materials easy to follow?	1	2	3	4	5
Were the course materials relevant to your profession?	1	2	3	4	5
Were your objectives met by attending the class?	1	2	3	4	5
Was the course material interesting?	1	2	3	4	5

What are 3 things that you learned from the course?

- 1.
- 2.
- 3.

Would you take another correspondence course from Professional Direction? Yes/ No

Name of Class		Signing Listing Agreements	
Print Name	Signature		
Company	Address		
City / Zip Code	Phone		
Email			
License Renewal Date	Date(s) Class taken		

Thanks for taking this class! I really appreciate the agents that take clockhours from my school! I am always working on my classes and writing new ones! Visit my website! Natalie

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