

# WHY LIST?

**Why should a seller list their house  
when they can just put it up on the internet by themselves?**

by Natalie Danielson

A seller has the option to sell with or without a real estate agent. Today, with the world of the Internet, sellers may see a marketing opportunity that may seem to outweigh the services of a real estate agent. Here are 12 reasons and benefits to listing a home with a real estate agent in today's market. These may help in your listing presentation.

PROFESSIONAL *Direction* INC

[www.clockhours.com](http://www.clockhours.com)

email: [clockhours@gmail.com](mailto:clockhours@gmail.com)



*A Washington State Approved for Real Estate Clock Hour Education under R.C.W. 18.85. School/sponsor S1353*



## Clockhours by Mail

1. You will be provided with a booklet of with the class material here in a pdf format. It is a **THREE CLOCKHOUR CLASS FOR \$30.00 TUITION.**
2. The course has been divided up into sections. In Washington State a “clock hour” is 50 minutes. There are questions about each section. They can be answered while reading the material, at the end of the session, or at the end.
3. **Answer** the questions on the quiz sheet.
4. If you have any questions regarding the material or the questions, don’t hesitate to email Natalie Danielson.
5. **Email** Scan the Quiz and Evaluation and email back to Professional Direction. You can pay on the front of the website! It is the most secure way to Pay.
6. The certificate will be mailed or scanned within 10 days **(or with HOURS!)** of receipt of course materials and handout. If you are desperate... just email us!!!!

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!

*Natalie Danielson*

**PROFESSIONAL Direction  
13148 Holmes Pt Dr N.E., Kirkland WA 98034  
Email: clockhours@gmail.com**



**Admission Policy:** All courses are open to all persons whether or not they are licensed real estate agents. No person will be denied admission based on race, creed, color, sex, age, national origin, familial status, appearance, or sexual orientation.

**Attendance Requirements:** All students are required to be physically in attendance for the stated number of clock hours required for the course. Any class missed during the course may be made up at the mutual agreement of the student and the Administrator at a future time, if available. No auditing of courses.

**Cause for Dismissal:** A student may be dismissed and enrollment terminated from a course by the Administrator or the Instructor for failure to pay tuition, fraud, misrepresentation of their correct name, taking exams for another student, or disruptive interruption of class. Students can be dismissed and enrollment terminated if there is evidence of drug and alcoholic use. Dismissed students will not receive certificates or refunds.

**Refund Policy:** Students may terminate their enrollment and receive a full refund prior to the conclusion of the first full session of the course with a return of the course materials. Students who receive refunds will not receive certificates. Refunds are granted solely by the Administrator.

**Examinations:** Exams are given ONLY for 30/60 clock hour courses including Real Estate Law, Brokerage Management, Fundamentals and elective courses that are designated for use as part of the requirements of the brokers license. Students must have a 70% or better passing grade. Students will have the opportunity to retake examinations under supervision with an appointment

**Course Materials:** The student may receive workbooks or outlines as part of the course. There are some courses that require a text during the time period of the course. The course materials and the outlines are the property of Professional Direction, Inc., and are not to be duplicated without the prior written permission of the Administrator.

**Certificates:** Certificates are available to students that pay tuition, complete the course and, if required, pass the exam. Certificates are provided by the Administrator within 10 days from the date the course is completed. But, if you are desperate.. we get them to you sooner.. Email us!!! The school will maintain records on students for 5 years as required. Duplicate certificates may be issued for a fee of \$5.00 per certificate.

**Instructors:** All Instructors have a current instructor certificate by the Washington State Department of Licensing to teach clock hour courses in the course areas in which they are approved.

**Required Disclaimer:** This school is approved under chapter RCW 18.85. Inquiries regarding this or any other real estate school may be made to Washington State Department of Licensing, Real Estate Education, P.O. Box 9015, Olympia, WA 98504. (360) 664-6505.

**Continuing Education:** PROFESSIONAL Direction, Inc., is a state approved real estate continuing education school. For more information about this course, the instructor, or other courses and programs offered contact Natalie Danielson, Administrator.

13148 Holmes Pt Dr NE, Kirkland, WA 98034  
e-mail: [clockhours@gmail.com](mailto:clockhours@gmail.com)

# Why does a Seller List with You...

When they can choose instead to put their home on the internet themselves?

## Curriculum

Session Hours	Major Topics	Method of Presentation
1 1 hour	<b>1. Marketing</b> Learn the most powerful marketing tool <b>2. Negotiation</b> Understand the importance of the responsibility to negotiate for sellers <b>3. Objections</b> Identify ways that real estate agents handle objections <b>4. Contracts</b> Know the importance of the contracts in a transaction	Lecture Discussion Read Take quiz
2 1 hour	<b>5. Security</b> Identify security issues to discuss with sellers <b>6. Motivation</b> Learn that sellers motivation for selling can be confidential <b>7. Price</b> Identify the importance price plays in marketing a product <b>8. Education</b> Identify the education we take for granted when we speak with sellers	Lecture Discussion Read Take Quiz
3 1 hour	<b>9. Disclosure</b> Know that people do hesitate to disclose and learn to discuss this issue <b>10. Compensation</b> Be aware when talking to FSBO's that we don't get paid until they sell <b>11. Fair Housing</b> Know the federal and state protected classes <b>12. Agency</b> Identify how the agency laws list the duties of an agent.	Lecture Discussion Read Take Quiz

# Why does a Seller List with You...

When they can choose instead to put their home on the internet themselves?

Too often in the real estate industry we hear owners of properties complaining about the huge sum of money they must agree to pay in the form of commission to a real estate agent to market their property. They see the Internet as an incredible tool to bring prospective buyers from all over the world to their doorstep to see their home for sale. In the past the real estate industry had a firm grasp on the list of all the properties for sale in an MLS. A consumer had to work with an agent to get access and information on properties. But, today, there are web sites all claiming to have lists of homes for sale. So, why should a homeowner list a property with an agent and pay the commission? This is a question that most agents face across the dining room table when discussing listing a home for sale. Here are the answers.

But a seller should get the most money possible for their property. The most effective way to accomplish that objective and make the property available to the largest audience is to list the property with a knowledgeable real estate agent who has all the skills and tools necessary. The powerful tools and expertise available in the real estate industry are most often not visible to the sellers. They don't really understand about marketing and representation.

Sometimes we forget what we are getting paid for as a real estate agent. Is it to put the sign out front or sign the listing agreement? Is it to advertise? What are we getting paid for?

When at a listing presentation I used these reasons why a seller should list in different forms to explain why they will get the most money possible and the best representation from a real estate agent.

## Course Objectives

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

- Identify the 12 major reasons a property owner lists a home for sale with an agent.
- Know the importance of the job of a listing agent.
- Know what a seller will expect from a real estate agent when listing their home for sale.
- Discuss the advantages of listing a property with an agent instead of selling "by owner."

# 1. Marketing

**There is usually no more effective way to market a property than through the multiple listing service.** No organization or advertising program for any amount of money can accomplish what the multiple listing associations 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.



Each multiple is governed and managed differently, but the agents pay their share to belong. The Northwest Multiple Listing Association is **owned by the member brokers**. It is currently only available to member agents and real estate offices. It is the largest, but not the only, MLS in Washington State. Most of the MLS's in the country are owned and operated by the REALTOR associations. In our state, the Northwest MLS is member owned. But, in Spokane and Clark county the relationship with the REALTOR association is different. Not all agents are members of the Association of REALTORS.

Real estate listing information from MLS' has been released to the consumer. The Northwest MLS (along with other MLS) make the database available to the consumers on the Internet. The consumer has the ability to search for properties and location, as well as price.

If you were from another state looking to move to this area, it is really difficult to find a complete and accurate list of properties on the internet!

The market for a seller is really the real estate agents. Almost 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. The MLS information, the one major data base is still in the hands and control of the real estate agents and still is the most powerful marketing tool.

Currently, only properties listed by a real estate broker can be listed in the MLS. The power of that database is so difficult to explain to the sellers when they see all the websites flash in front of them on the web. Most people that search the web look for instant gratification... they stay on a site for less than a minute. But, the MLS in one location even on your company or personal website with an IDX feed, has far and away most of the properties available in the area it services.

Show the sellers the power of the MLS. Show them right there on the computer how their house could get lost like a needle in a haystack if they throw it out into the internet themselves.

If you do sell a home that has not hit the open market on the MLS then consult with your broker as you need to have disclosure to the parties.

*Try searching for a home in your community. Pretend you are a prospective buyer. But also, try searching for your own listings online. Can your sellers find their own listing? Key in the address of you listings into Google and see what the results are. Go to Zillow and check for your listings.*

# 2. Negotiation

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? Personality clashes are all too common between buyers and sellers.

Picture a buyer and a seller sitting across the table. The seller says, "I am selling my house for \$400,000." The buyer counters, "I'll offer you \$380,000." The seller says, "I want \$400,000." The buyer repeats, "I will offer you \$380,000." Ok.. who gives in?

If the seller sticks to his asking price, and the buyer sticks to her offer, the property will not sell. Someone... or both... have to give. It is the same for all negotiations. But, add

Emotion,

Tension

Unrealistic values

Time frames

Commission saving (there's only one commission)

... the negotiation gets more complicated.

Two sets of buyers and sellers that dislike each other can cause increased **friction** during negotiations.

Sometimes Sellers can give away **too much money** when negotiating with a prospective buyer.

A real estate professional negotiates only on the basis of a signed contract and with the strictest **loyalty** to their client.

Once the contract is signed, the largest issue that has to be negotiated is the home inspection.

*Look at your last negotiation. Could the transaction have been put together without a real estate agent? Would there have been a winner and loser? Would the seller and buyer have made agreements that are legal and could make the transaction close?*

*Could the buyer and seller have made agreements outside the contract without knowing the impact and legality?*

# 3. Objections

You need to know who has the authority to make the decision for the sale! Make sure ALL decision makers are involved. Don't assume that you have a sale if you are showing homes to only one spouse.

Examples:

Married couple (are both parties involved)

Divorce Pending (are both parties involved)

Estate sale (are you dealing with the executor, lawyer, only one family member?)

Young person dependant on parent for down payment

Or more recently.. Are their lien issues, a possible short sale, bank involvement?

LLC ... are all partners decision makers

Single person... who does the buyer get advice from?

Couple... who is the decision maker?

The owner often has some **emotional** attachment to the property and may take offense at the remarks made by the buyers.

Real estate professionals know that sometimes buyer's objections aren't exactly as they seem. Buyer's objections can lead to information that may be critical to the sale. What are sales objections? Are they really objections? What do your prospects really have to object about? Do they really expect 100 percent satisfaction in what they purchase, or are they willing to sacrifice some of their ideal specifications? The **perfect** house/property has not been developed, so you will be unable to fully meet the prospect's expectations to his/her complete satisfaction.

Your objective should be, rather, to satisfy his/her most pressing concerns or questions. That's how you should view objections -- as **the prospect's questions!** Make sure you are not disagreeing with the objection. Any objection that a prospect has is valid in his or her mind. It is their hurdle. A buyer can object to the colors in the house, the landscaping or the kitchen appliances, which have no real bearing on the property being sold.

You'll recognize the most common form of a stall with these words: "We want to think it over." There are many variations. The key to dealing with these objections is to recognize the customer's statement is a stall. When you listen beyond the prospect's words, you'll often realize they are trying to camouflage their real concern. Perhaps a buyer or seller is afraid that if they tell you the real reason they don't feel they should make a decision, you'll handle it. Or maybe they are trying to avoid confrontation. By telling you the truth, they take a risk.

Real estate agents are trained to handle the **objections** by asking questions to discover the root and the direction if they are interested in looking at another property. We have heard them. That is one reason that a seller needs an advocate or representation and is vulnerable to objections on their own.

*Make a list of the objections that you get the most often. Remember, the objections give you a chance to fix whatever they think is missing. Are there objections that stop you cold or make you choke? Are there objections that you can easily handle?*



# 4. Contracts

**Hope** is a universal factor with buyers and sellers. Think about it.... HOPE! Everyone in the transaction is “hoping!”

They are hoping that the deal is signed.

They are hoping that the inspection goes fine.

They are hoping the bank financing gets approved.

They are hoping that the closing will happen.

The whole time during the sale everyone is hoping.

The requirements of a lender and a contract cannot be wished away. The problems on the home inspection need to be dealt with. The escrow and title have to be in line. Buyers and sellers, on their own, often assume too many things when they negotiate. Verbal agreements are not legally binding; however there is security in a valid contract. All real estate contracts must be in writing according to the Statute of Frauds.

Real estate agents have been trained in contract law issues. Real estate agents can only fill in preprinted contracts that were prepared by an **attorney**. 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. **A real estate agent cannot fill out contracts for FSBOS unless they are part of the transaction or they could be dealing in the “unauthorized practice of law.”** Don't fill out the contracts for your neighbor or a friend as a “favor.”

In the past properties were sold with the most minimum of paperwork. Today, even in small towns throughout the state, forms that are over a decade old are still in use. But, the majority of transactions occur with at least a minimum of 25 pages of forms.

The forms can include, but are not limited to:

- The purchase and sale agreement (approx 5 pages)
- The finance addendum
- The inspection addendum
- Contingency (if applicable)
- Lead paint Disclosure
- Sellers property information disclosure form
- Agency agreement

Today with all the short sales and foreclosure properties owned by banks, the forms have multiplied, not the same as the last transaction, and very complicated.

Today, we have forms online that can be populated. Make sure you are careful to use a limited number of addendums because you could be practicing law by creating contracts. If there is anything that seems too complicated, don't hesitate to contact your Designated Broker.

*Bring an entire purchase and sale agreement including addendums to listing appointments to show the seller what forms will be used!*

# 5. 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.

**"For sale by owner" is inviting just about any complete stranger into their home at any time.** It would be inconceivable just a week prior to putting the property up for sale that a homeowner would just invite a stranger in to look all around the house! . Homeowner's possessions, security and safety of the family are in jeopardy when inviting strangers inside the front door. Explain this to sellers when you are discussing the sale of their home!

**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. In addition, most real estate agents are very careful to have prospective buyers **prequalified** or preapproved for a mortgage loan prior to showing properties.

Tell sellers to pack. Bring a handful of moving boxes to the listing presentation and suggest packing valuable items and items that will not be used.

Though security is always an issue with sellers, buyers and real estate agents, steps can be taken to minimize the risk to all. Counsel your sellers that they need to put away anything of value. That can include weapons, prescription drugs, confidential bank or stock statements, excess blank checks, computers, and other valuables. The top drawer of the master bedroom dresser is usually full of valuable items! The medicine cabinet has drugs that are easily lifted. As a listing agent, it is a good idea to walk the house putting your hands on anything that a prospect might touch or lift.

Music CD's

Computer hard drives, thumb drives, laptops

Glass figurines

Drugs and medicines

Top dresser drawer in master

Knife block in kitchen

Car keys on the counter!

This will show that you are concerned about their safety and that of their family.

*Tell your sellers to start packing today.*

*Start with the top of the desk in the den and the top drawer in the dresser in the master bedroom...hmmm. What could be there that could cause a security problem for them? What would you find in those drawers?*

*What would you find in the medicine cabinet of your listing, today? What drugs are stolen (all of them!)*

# 6. Motivation

The owner can actually create objections to the sale by saying too much! Isn't that true? Haven't you heard sellers start talking to buyers? Owners want to move for a variety of reasons and sometimes they simply no longer like the neighborhood for no specific or tangible reason that is a material fact affecting a buyer.

**The reason the seller is moving may not be critical information to the buyer.** If the seller is in a financial bind or desperate situation, getting a divorce, or his health is failing, the seller has just as much right to get as much money for his property as a seller who is just moving to a larger home. In this case, the buyer does not need to know the reason for selling. The listing agent is the agent of the seller and owes certain responsibilities to them. The buyer could use that information to pressure the seller into taking a lower offer.

A buyer's agent is usually fishing when asking about motivation. The buyer's agent usually wants to know **"how low can I go"** when making the offer with the buyers.

If the reason the seller is selling would have an effect on the buyers decision to purchase then that information must be disclosed. For example, if the seller had information about a pending rezone of the adjacent land, a planned widening of the street, or an environmental hazard then the motivation for moving must be disclosed.

People sell property no matter what the market looks like. There are always buyers and there are always sellers. In this market that we have experienced at the end of the first decade of this century, there are many sellers that have to sell for financial reasons. There are investor buyers that are scooping up the "good" deals. But, there are also just sellers that think it is time to move their property whether it is because of a divorce, they don't want to be a property manager anymore or they want to move to a warmer climate.

*What is the reason that the last 10 sellers you have had over the last few years sold their properties? Make a list and evaluate it. Would they have sold regardless of the interest rate or the decreasing values? What about the same for your buyers?*

# 7. Price

Real estate professionals must quote only the **listed price of the home**. A "**for sale by owner**" seller might quote different prices depending on his mood, the weather, or the personality of his prospect. It's hard to imagine when we are dealing with properties that have a listed price in the MLS, isn't it? The pressure to sell can work unfavorably when a seller cannot defend the asking price.

Real estate professionals are trained to research the current market conditions and advise sellers as to the market value of their property. Agents have up to date technology and advanced communications and network equipment to aid in research that is unavailable to the owners of property.

Value is an abstract word with many acceptable definitions. In a broad sense, value may be defined as the relationship between an object desired and a potential purchaser. It is the power of a good or service to command other goods or services in exchange. Value may not be the same as the cost. An item can cost \$50.00 but the value can be any amount higher or lower. For example, a \$50 set of used drumsticks can be worth \$5,000 if they were used by Ringo Starr or be worth only \$5 if they belonged to the kid down the block. Value can be affected by time, location, emotions, previous ownership, perceived or expected market changes, interest rates and cost of money. Value may be different than the price the item sells for. The owner may perceive a much higher value than the prospective buyer sees. Sometimes, the buyer can perceive a higher value than the owner.

Value is a concept that can be difficult to define. There are many factors that influence value and therefore prices. All of these can relate directly to the value of a piece of real estate. The value to a homeowner may vary from the price another buyer is willing to pay. For example, value is....

- Not always logical....a car can cost more than a house.
- Not always tied to function....a diamond can cost more than a computer.
- Not in our control.... bad movies cost as much as good ones.
- Not based on location...a view can be worth more than waterfront.
- Not always fair... waste management employees often can earn more than teachers.
- Not based on improvements... cologne up to a certain point is sensuous, but too much is nauseating.
- Not based on depreciation... a dull antique mirror can be worth more than a new clear one.

If you take a listing that is overpriced for today's market, the seller actually starts to believe that the property is worth more than it actually is. The sellers will actually convince themselves that if the price has to come down that they have "lost" money on their property. Here are some of the common dangers to overpricing a property.

- It will take longer to sell. It will be on the market too long and become "shopworn."
- The property will have fewer showings limiting the market. Buyers, as well as agents, are wary of overpriced homes.
- The seller may receive very low offers. Don't wait for them because they are rare and often insulting.
- The property will help sell the competition. The buyers will compare it against another property they are intending to purchase.
- The sellers have to weigh the "holding costs" during the longer marketing time.
- Once an agent sees an overpriced listing, they never go back. Agents don't want to show properties that are overpriced.
- Sellers end up selling for less than what they would sell for if the property was priced right initially.
- Overpriced listings attract the wrong buyers. Buyers have certain images of homes in that price range based on what they have seen.
- The sale price reflects motivation and sellers are competing with sellers that HAVE to sell.
- Sellers look greedy by asking more than the competition.
- If the seller were a buyer, he wouldn't buy an overpriced house. Just put the shoes on the other feet.
- About 40% of properties sell in the first 30 days if they are priced competitively regardless of the market conditions.
- The impact from lowering the price is minimal and often overlooked. Therefore, it is highly recommended to list at a competitive price initially.

It is important that the listing agent see that **the seller get the most money possible for their property** and yet encourage pricing that will keep the property in a competitive range of value.

One of the biggest challenges for FSBO's is that they price their properties too high. Then, in addition, they want to "save" the commission. This most often backfires on home sellers. It is best to price the home competitively and get the biggest audience of potential buyers. That will bring the highest price. FSBOs do exactly the opposite.

*Show statistics to home sellers about for sale by owner properties and how they are priced.*

# 8. Education

Real estate professionals are in an industry that is constantly and rapidly changing. In order to keep up with the demands and the industry knowledge, agents are required to take continuing education in the real estate field. In Washington State, agents have to **take 30 clockhours of continuing education every two years**. This includes a Core Curriculum on the latest legal issues. In July 2010 the Washington State Licensing law had some significant changes become effective. Every agent is required to take a course just to learn about the license law changes.

It is difficult to keep up with all the laws and rules for a real estate agent active in the business every day.

Even agents are surprised at the changes that they face each month. Changes that can affect the consumer can include:

- Contracts and forms (for example the Statute of Frauds)
- Disclosure (Property Information Disclosure form)
- Laws including Agency (Agents must disclose who they represent)
- Federal State and Local Anti Discrimination laws (affect the sellers and the buyers)
- Anti Trust legislation
- Marketing trends

Consumers have no real access to the latest laws or trends. Consumers selling their homes as “for Sale by Owners” do not know their own rights. There are certain rights that all sellers have. But, also, every buyer has rights. There are also limitations for all the parties.

Real estate agents learn these laws and the rights of the consumers by taking required and elective education. It would take years for a consumer to get the amount of education a real estate agent gets in one year including classes, office meetings, and conferences, as well as, hands on education.

*Can a seller refuse to show or sell to someone because of their religion or cultural heritage? (no, of course, .. Federal/ State fair housing laws)*

*Is a seller trying to sell on his own required to fill out the disclosure form? (yes, of course)*

*Most sellers don't know the answers to these simple questions.*

# 9. Disclosure

Both buyers and sellers are afraid that the other party may be hiding something! Think about this one statement!

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 largest source of lawsuits against real estate brokers is in the area of **misrepresentation**. About 70% of all lawsuits against brokers are some form of misrepresentation.

Sellers are afraid to disclose information because they think it will make the property worth less to a buyer. But, they are not usually considering that the cost for a buyer to discover a hidden defect is far greater than the added value the seller may have received.

The property information disclosure form is a law that pertains to all sellers of Washington State residential property. It is **RCW 64.04 and is not a part of license law**. It is between the sellers and the buyers. It affects even FSBO's. **Not every material defect is listed on the form.**

What does a seller have to disclose. Basically, the seller has to disclose anything that would affect:

- A buyer's decision to buy, or
- How much a buyer would pay for the property.

The only reason a seller does not disclose something that could be a problem... hides something.... Is because the seller

- Wants the buyer to buy without knowing
- Wants the buyer to pay top price for the property and not a discount because of the problem

The most important thing a seller can do besides price a property competitively is to DISCLOSE! A seller will not be sued for disclosing information! Sellers are sued for information that is NOT disclosed.

If a seller decides to sell on their own as a "For Sale by Owner" the buyer risks the chance that the seller has not been told by an agent about the importance of disclosure or may not even have a Property Information Disclosure Form that is a Washington State law! The seller could be liable for buyer's damages!

## Material Facts as defined in the Law of Agency

Under the Law of Agency there are three categories of material fact. A material fact is information which:

1. Substantially and adversely affects the value of the property.
2. Substantially adversely affects a party's ability to perform its obligations in a real estate transaction.
3. Operates to materially impair or defeat the purpose of the transaction.

If the information would affect the buyer's decision to buy, or how much they would pay, then it must be disclosed to the buyer. The same goes for the seller. Disclosure of information that would affect a seller's decision, must be disclosed.

However, the Law of Agency states that certain acts, occurrences or prior uses of the property which do not adversely affect the physical condition or title to the property are not material facts for this law. This means that negative stigmas associated with a particular piece of property may not be considered material facts that the agent is required to disclose.

“The fact or the suspicion that the property, or any neighboring property, is or was the site of a murder, suicide or other death, rape or other sex crime, assault or other violent crime, robbery or burglary, illegal drug activity, gang-related activity, political or religious activity, or other act, occurrence or use not adversely affecting the physical condition of ...or the title to ...the property is not a material fact.”

This is the Law of Agency. This definition is NOT in the Seller's Disclosure Law. If you are in the position whereby the seller does not want to disclose a negative stigma that is attached to the property from a ghost to a death to a rash of burglaries then your next step is to evaluate the company position with the Broker and/or the company attorney.

Real estate buyers have taken sellers and brokers to court across the country for misrepresentation issues that focus on problems that are not directly related to the structure of the property. For example, buyers have sued for damages due to a ghost, barking dog, sex offender in area, and crack house in neighborhood.

If there is an environmental issue that could be checked on the property information disclosure form, then even if the buyer waives the right to receive the form, the seller MUST disclose the environmental issues.

If a seller wants to keep something secret from the buyer and the buyer subsequently finds out the secret then a lawsuit could follow. The decision to keep a negative stigma secret should not be made by an agent or encouraged by an agent.

*Have you had a situation where the seller didn't want to or didn't disclose something that affected the buyer?*



# 10. Compensation

Real estate agents belong to one of the largest groups of licensed professionals.

In order to be an agent or broker in a real estate transaction for another, a license is required by Washington State Law. Compensation, most often it based on a successful sale. The real estate agent and company invest money for marketing to sell the property whether the property actually sells and the transaction closes.

Many sellers see what they perceive as a large number as the commission. But, they seldom know where those dollars go when they move away. The average real estate agent does not make the money that the sellers perceive. Tell the sellers how the commission is divided up.

As real estate agents we assume that the payment of commission and the amount that sellers has paid over the years will continue as such. But, the costs to sell properties may be going down with the advent of the free marketing resources of the internet, the lack of actual paperwork and the amount of information available directly to the consumer. But, on the other hand, with the amount of legal issues facing our industry, it is questionable what direction the commission the sellers and buyers will pay is still uncertain because though many marketing efforts cost less, the liability is going up.

There is only ONE commission on a sale. When a “For Sale by Owner” decides not to list to “SAVE” the commission, it becomes rather mute because the reason a buyer may choose to purchase without an agent is the exact same one! Buyers making offers directly to the owners also want to save the same commission! So who “wins” in that negotiation over commission? Who saves the commission in the sale? Does the savings make sense when the people in the transaction have no representation and may lose over time because of the issues negotiated like repairs?

The most valuable item a real estate agent has to protect and defend is their reputation. The only thing they have to sell is their service. They only get repeat business with successful dealings with clients. It is in their best interest to see that all parties are dealt with fairly.

*Have you had discussions with sellers over the commission you and your firm charge?*

*Do you explain to the sellers what happens to the commission when it is split up among the parties?*

# 11. Fair Housing

Real estate agents must be knowledgeable of the laws that govern fair housing. There are local, state and federal laws that govern conduct and advertising with regards to anti discrimination.

These laws, especially in Washington State, **do not exempt the single family owner**. It is important that these laws are not violated. **Sellers cannot ask and real estate agents CANNOT answer questions about prospects if those questions have to do with a protected class**. Protected classes... not minorities... everyone falls under these classes.... The seller and the agent cannot show a LIMITATION, PREFERENCE, DISPARATE TREATMENT, or DISCRIMINATION toward anyone due to a protected class.

The seven protected classes in the federal statute include race, color, religion, sex, national origin, familial status, and handicap. Washington State added Sexual Orientation as a protected class. Same sex marriage is legal in Washington State.

**AIDS is a protected class** under handicap.

**Sexual orientation**, marital status and political ideology are protected classes in Seattle.

Other state and local jurisdictions have other protected classes including political ideology, sexual orientation, military discharge, matriculation and personal appearance and Section 8.

Sellers need to be reminded to choose the PAPER and not the PEOPLE when selling the property. The buyers are protected under the laws from being discriminated against.

There is no occupancy standard in the country. But, if a **seller or landlord limits the number of people so as to restrict families it could be violating the fair housing laws**. A good rule of thumb is 2 people per bedroom.

By following the fair housing guidelines, housing is made available to more people that in the past may not have had the same opportunities.

*Have you ever had a fair housing issue where one of your clients felt discriminated against?*

*Have you ever been in a situation where a seller chose one offer over another because one was a family, or gay, or foreign, or seniors, or.....*

# 12. Agency

When a seller lists their home for sale with an agent, they are employing that agent to represent them.

In January 1997 Washington State passed the Law of Agency. It provides a statute that describes the duties of a licensee generally, as well as, the duties the agent owes to the client. When a seller lists their home the agent must not violate these specific duties. The seller is to receive a copy of the Law of Agency before signing the listing agreement with the agent. Agents should provide buyers a copy of the law when they provide real estate services.

## General Duties of a Licensee

“Regardless of whether a broker is an agent, the broker owes to all parties to whom the broker renders real estate brokerage services the following duties, which may not be waived:”

1. “To exercise reasonable care and skill.”

*The real estate licensee must protect the interests of the consumer and be held to a standard of care in the industry.*

2. “To deal honestly and in good faith.”

*The real estate licensee must at all times be truthful and consider the interest of the consumer.*

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. The real estate licensee has the responsibility to provide the seller with any other offers or written communication.*

4. “To disclose all exiting material facts known by the broker 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.”

*Note the definition of material facts in the Law of Agency.*

5. “To account in a timely manner for all money received from or on behalf of either party.”

*The real estate licensee must be accountable for any consumer money. It can be in the form of earnest money or promissory notes, for example. There are times the agent has in their possession an earnest money check and forgets to either forgets to deposit it in the trust account or does not return it to the buyer if the transaction is not signed round.*

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 broker renders real estate brokerage services before the party;

1. Signs an agency agreement with the broker
2. Signs an offer handled by the broker
3. Consents to dual agency; or
4. Waives any rights”

*Every real estate purchaser, seller, landlord, and tenant should receive a copy of that pamphlet when working with a real estate broker. The party could receive many pamphlets if they are working with more than one broker.*

7. “To disclose in writing to all parties to whom the broker renders real estate brokerage services, before the party signs an offer in a real estate transaction handled by the licensee, whether the broker 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 broker 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 broker to be reliable.”

### **Duties of a Seller’s Agent**

- A. To be loyal to the seller by taking no action that is adverse or detrimental to the seller’s interest in a transaction.
- B. To timely disclose to the seller any conflicts of interest.
- C. To advise the seller to seek expert advice on matters relating to the transaction that are beyond the agent’s expertise.
- 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.
- E. Unless otherwise agreed in writing after the seller’s agent has complied with section 3(1)(f), 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.
- F. A seller’s agent may show alternative properties not owned by the seller to prospective buyers and may list competing properties for sale without breaching any duty to the seller.

It is important to know that ignorance as an agent will never “save” you in a court.

*When was the last time you read the Law of Agency?*

## Why Should a Seller List?

Answer Quiz on answer sheet that follows.

1. *The most powerful marketing tool used to sell residential real estate is \_\_\_\_\_.*
2. *The Northwest Multiple listing Association is owned by \_\_\_\_\_.*
3. *A seller that does NOT want to list with an agent can / cannot list in the MLS.*
4. *When negotiating an offer, the listing agent has loyalty to the \_\_\_\_\_.*
5. *A buyer and seller negotiating can often create \_\_\_\_\_.*
6. *Sellers alone can often give away too \_\_\_\_\_ when negotiating with prospective buyers.*
7. *Sellers can often have \_\_\_\_\_ attachment to the property.*
8. *Sellers can sometimes take \_\_\_\_\_ when buyers state objections.*
9. *Real estate agents are trained to deal with \_\_\_\_\_.*
10. *All real estate contracts must be in writing according to the \_\_\_\_\_.*
11. *\_\_\_\_\_ is a universal factor with all buyers and sellers.*

12. *Agents by law can fill in pre printed contracts that were prepared by an \_\_\_\_\_.*
13. *An agent can / cannot fill out contract for a FSBO if they are not part of the transaction.*
14. *A FSBO usually opens their house to just anyone who knocks on the door. Yes / No*
15. *FSBO's can often be badgered by prospective \_\_\_\_\_.*
16. *Most agents have their prospective buyers \_\_\_\_\_ by a lender prior to showing*
17. *If it is not a material fact, the \_\_\_\_\_ of the sellers can be kept confidential.*
18. *A buyer's agent usually wants to know "how \_\_\_\_\_ can I go" when asking motivation.*
19. *The owner can often create \_\_\_\_\_ -to the sale by saying too much.*
20. *A real estate agent can only quote the \_\_\_\_\_ price of the house.*
21. *A FSBO sometimes changes the \_\_\_\_\_ depending on the buyer and the weather.*
22. *It is important that the seller get the \_\_\_\_\_ money possible for their property.*
23. *For a FSBO the pressure to sell can work \_\_\_\_\_ when negotiating a price.*
24. *A real estate agent has a responsibility to research the market \_\_\_\_\_ of the home.*
25. *It is a federal law that real estate agents have to take 30 hours of continuing education. T/F*
26. *If information would affect a buyer's decision to buy it should be disclosed. T / F*
27. *The largest source of lawsuits against brokers is in the area of \_\_\_\_\_.*
28. *Advertising is the most common violation of license laws. T / F*

29. *The Property Information Form includes everything a seller could disclose. T / F*
30. *The Property Information Law does / does not affect FSBO's.*
31. *The Property Information Law is section 4 of Real estate License Law. T / F*
32. *An estate is exempt from the property information disclosure law. T / F*
33. *Real estate agents typically get paid commission... when? \_\_\_\_\_.*
34. *A seller can ask and an agent can answer about the race of the prospects. T / F*
35. *You MUST disclose if the seller has aids when you are the listing agent. T / F*
36. *Sexual orientation is a protected class in Seattle. T / F*
37. *An occupancy standard that says a family with two children is too large for a 2 bedroom house would most likely violate the laws. T / F*
38. *A home seller is exempt and can discriminate against buyers that are gay in Washington State. T / F*
39. *The Law of Agency is a federal law T / F*
40. *The seller agrees to dual agency in the listing agreement. T / F*



*Answer sheet for Why Should a Seller List? Attach to Mandatory Evaluation.*

1		21	
2		22	
3		23	
4		24	
5		25	
6		26	
7		27	
8		28	
9		29	
10		30	
11		31	
12		32	
13		33	
14		34	
15		35	
16		36	
17		37	
18		38	
19		39	
20		40	

I attest that I have read the materials and have answered the questions. I have included this with the mandatory evaluation.

**Date Course Started** \_\_\_\_\_ **Date Course Completed** \_\_\_\_\_  
**Print Name** \_\_\_\_\_ **Company** \_\_\_\_\_ **Signature** \_\_\_\_\_

PROFESSIONAL Direction, 13148 Holmes Pt Dr NE, Kirkland WA 98034  
 clockhours@gmail.com





# Mandatory Evaluation

Did you read the material in the booklet on this date? YES / NO  
 Did you complete the quiz and attach answer sheet? YES / NO  
 Did you enclose Tuition (\$30 for 3 hrs) YES / NO  
 Did you fill out and sign this form? YES / NO  
 Paid by Check or Visa/MC # \_\_\_\_\_ exp \_\_/\_\_/\_\_\_\_print clearly... but best and secure is to use payment on website!  
 Why did you choose to take this course? Topic? Time? Cost? Ease? Other?  
 A "clock hour" is 50 minutes. This 3 hour class should take about 2 hrs 30 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

What are 3 things that you learned from the course?  
 1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_

Why should a Seller List?		
Print Name CLEARLY	Signature	Company
Address	City Zip Code	Phone
Blog name	Email	
License Renewal Date		Date 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!*  
**Professional Direction, 13148 Holmes Pt Dr NE, Kirkland, WA 98034 email: clockhours@gmail.com**  
**www.clockhours.com**