

The Seller Listing Agreement: What's It All About?

1. Term of the Agreement. A longer agreement benefits the agent because it allows him or her more time to find a buyer for your home. In a weak market, that's okay, but if homes are selling quickly, you don't want to be committed to one agent for more than a few months. If the home doesn't sell within the initial period and you're satisfied with the agent's efforts, you can offer to extend the term of the agreement before it expires.

2. Commission. Although commissions are negotiable, most areas have a standard percentage that agents expect to receive. This amount usually is 6 percent of the sales price, but you will find agents who accept 5 percent and agents who ask for 7 percent. Whether you want to pay the percentage that's typical in your area or negotiate a lower rate is up to you. A lower commission will save you money. A higher commission will give the agent more incentive to invest in marketing your home. Other agents can find out how much commission is offered on your home through the MLS. The agent's commission technically shouldn't be renegotiated as part of the purchase agreement between the seller and the buyer, but some agents will give a little to close a price gap between the seller and buyer, consequently making the transaction viable.

3. MLS. A listing agreement typically authorizes your agent to post your home in the Multiple Listing Service (MLS). Unless you're selling a very exclusive property or have serious personal privacy concerns, the MLS is a no-brainer because it helps the agent market your home to the widest possible group of potential buyers. Today, most MLS databases are accessible by consumers on the Internet. The public does not have access to commission information on the listings.

4. Lockbox. A lockbox is a tiny key-holding safe that can be inconspicuously attached to the front of your property. Any agent who has the means of accessing the lockbox (e.g., the key or combination) can retrieve the keys to your home, unlock your door and show your home to prospective buyers even when neither you nor your agent is present. If you're concerned about strangers entering your home alone, don't authorize a lockbox. If your home is vacant, located in a low-crime area or if you've removed your valuables and are willing to take the risk, a lockbox might be reasonable. The more people who see the property, the better chance you'll have of selling it for a favorable price.

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