
All About Listing Agreements

Types of Real Estate Listings, Terms, Conditions & Fees

If you're ready to read about listing agreements, it's likely that you've already found a good real estate agent and had a lengthy discussion with this agent. Now you are ready to think about listing your home for sale.

The common top three listing agreement choices are:

- 1) Exclusive Right-to-Sell Listing.
- 2) Open Listing
- 3) Exclusive Agency Listing

Exclusive Right-to-Sell Listing

An exclusive right-to-sell listing is the most commonly utilized instrument. It gives the broker the exclusive right to earn a commission by representing the owner and bringing a buyer, either through another brokerage or directly. The owner pays both the listing and selling broker fees. The owner cannot sell the property herself without paying a commission, unless an exception is noted in the contract.

Open Listing

An open listing lets an owner sell her home by herself. It is a non-exclusive agreement, meaning the owner may execute open listings with more than one real estate broker and pay only the broker who brings an able buyer whose offer the owner accepts. The big difference is an owner will probably pay only a selling broker's commission, which is about one-half of typical fees. The reason is because the owner is unrepresented. Therefore, owners do not pay a broker to represent the owner, but do pay the broker to represent the buyer. However, if the owner finds the buyer herself, the owner will not owe anybody a commission. Open listings are not popular with many full-service real estate brokers.

Exclusive Agency Listing

An exclusive agency listing is similar to an open listing except the major difference is the broker will represent the owner. The owner still reserves the right to sell the property herself and not pay a commission. The broker is free to cooperate with another brokerage, meaning the second brokerage could bring an able buyer whose offer the owner accepts. Typically, the broker is paid a listing commission that is shared with the selling broker, so the owner pays both fees.

Other Terms & Conditions to Consider

Length of Listing

The duration of the listing agreement is negotiable. Common terms can be 30 days, 90 days, six months, one year or more.

Selling Commission

How much will you pay the selling agent? When there is a lot of inventory on the market and fewer buyers, to generate traffic, you might want to consider paying the selling agent more than you would in a market where inventory is tight and a lot of buyers are vying for few listings. For example, if the total commission is 6%, and the listing broker wants to offer 2.5% to the selling office, you could insist on paying 3% instead. It's your money. The listing agent will get less, but so what?

Cancellation of Contract

Will the broker / agent let you cancel the agreement? Why would you want to do business with a broker who would not release you from the contract if you were unhappy or dissatisfied with their service? If the broker will agree to let you cancel at any time, that broker is giving you a guarantee. In that instance, the duration of the contract doesn't much matter.

Expiration of Contract

If the contract should expire without mutual renewal or the parties elect to cancel the contract, the listing broker might supply the owner with a list of names of prospective buyers the broker produced. If any of those buyers approach the owner within the time period specified in the listing contract and successfully purchase the property, the owner could still owe a commission.