

REAL ESTATE BROKERS



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INTRODUCTION

If you are selling a home, you may wish to consider using a real estate broker. Although you are not required to do so, many homeowners do. Real estate “brokers” and real estate “salespersons” (also known as “agents”) are both licensed, but salespersons/agents must be supervised by brokers.

Before selecting a broker to help you sell your home, you might want to interview several firms and ask the following questions:

- What are current asking and sales prices for comparable homes?
- What kind of financing packages are you aware of that I, as a seller, could offer a buyer?
- Is your commission rate negotiable?
- Will you charge a commission if I find the buyer without your help?
- Will the commission rate be reduced if you (broker) sell without the aid of another broker?
- Will the commission rate be reduced if a buyer is not found in the agreed upon time?
- Will you list my home with a Multiple Listing Service (MLS)?

- Will you use additional methods of advertising my home?
- How long do you think it will take to find a buyer?
- Will you write in the listing contracts all of my terms that are important to me?
- Can I have some references for your company?

MARKETING YOUR HOME

Using MLS is one way to sell your home. MLS is a computerized broker information network that brokers rely on to show homes to potential buyers. This network also provides a database for a realistic determination of a fair market value for your house.

Brokers also rely upon newspaper and specialty magazine ads, and “open houses” as means of attracting buyers.

Ask prospective brokers about what assistance they give in locating financing. Lenders offer different rates and a good broker will tell you the most attractive financing packages available in the area. You may also wish to discuss self-financing options as a means of attracting buyers.

PAYING FOR THE BROKER

As the seller, you will ordinarily bear the broker's commission costs. Many brokers will agree to split the commission with any other broker who locates a buyer as a part of using the MLS. While commission rates may appear to be standardized in your community, they are not set by law and you may be able to negotiate the commission price. Some brokers might accept a lower fee to get your business or develop a foothold in the market. Some might agree to lower the rate and provide some lesser service, like no newspaper ads. There may be a reduction if the broker is able to locate a buyer without the aid of another broker.

You can also add a clause reducing the fee if the house is not sold within a reasonable period of time. For example, you might offer a broker 6% commission provided the house sells in 60 days, 5% if sold in 61 to 120 days, etc.

DRAWING UP THE CONTRACT

A listing contract is used to outline the terms for the sale of your home - asking price, brokerage arrangements, expiration date of the contract and terms of commission if you want them. There are two basic kinds of contracts:

Exclusive right to sell contract. You agree to pay your broker a commission, no matter who finds the buyer -- **even if you find a buyer independently.** Most brokers prefer this contract. In this type of contract, your broker always benefits, no matter who finds the buyer.

Exclusive agency contract. You agree to pay the commission if your broker, or any other broker, finds a buyer. If you find the

buyer, you don't have to pay a commission. You can still get an MLS listing; this just means the broker doesn't get a guaranteed commission regardless of effort. Many brokers are reluctant to enter into exclusive agency contracts.

A FINAL THOUGHT

Your broker is supposed to work for *you*, the seller. Make sure you get a written agreement spelling out the details of the relationship. If you have a bottom price, you don't want a broker who is willing to sell your house for that price just to make a quick commission. A written agreement binds the parties and is proof in the event a dispute arises. All real estate brokers are licensed to practice by the State. Questions can be directed to:

Idaho Real Estate Commission
575 E Parkcenter Blvd #180
Boise, ID 83706
(208) 334-3285
Irec.idaho.gov

BUYERS BEWARE

If you buy a home through a broker, remember, most brokers are working for a seller. If you really want a broker of your own, check online listings or the yellow pages for a buyer's broker.

***This handout is general in nature. It is not a substitute for legal advice from an attorney regarding individual situations. (August 2021)**

For additional information on this and other legal topics, see the Air Force Legal Assistance Website:
<https://aflegalassistance.law.af.mil>