

In a Seller's Market, It's Tempting to Try to Sell Your Home Without an Agent

Now that homes are selling quicker, I'm seeing more sellers who think that all they need is to get the home on the MLS for a flat fee (what is called a "Limited Service" listing), offer a 2.8% commission to the buyer's agent and save 3% or more paid to a listing agent.

Showing homes recently, one of them was such a listing. It was in the MLS, and the number to call for the showing was the seller's cell phone. He answered and said he'd be home — "just ring the doorbell." I seized the opportunity to interview him later about the "by owner" process.

This seller said he had gone to a "by owner" website which offers a free listing with one picture but offers various upgrades including MLS listing—six months for \$395 or one year for \$495. He didn't select the listing agent, and, alt-

hough the seller was able to write his own paragraph describing his house, he wasn't given an MLS data sheet to fill in the non-mandatory data fields such as room dimensions and location, so those were blank on the MLS.

This seller is offering 2.8% co-op commission to the buyer's broker, but he was told by the listing agent that this was negotiable, which is not entirely true. Technically, the commission is paid by the listing agent and is a promise of compensation which he can't get out of. The seller may end up paying less than what was listed in the MLS, but the buyer's agent could demand the compensation promised in the MLS at the time the contract was presented. (This could come back to bite the listing agent, but not the seller.)

For pictures, the seller told the listor to use the pictures from the

previous listing when the seller bought the house. This is not allowed without the previous listing agent's permission, which was not sought.

Currently, in Jefferson County there are 51 active "limited service" listings on Metrolist's single-family database. (This does not include about 15 listings by home builders who pay agents to put one or more of their homes on the MLS, but have their own sales people with whom buyers must negotiate.) Most of the 51 non-builder listings are probably "by owner" listings where the seller paid a flat fee (usually \$400 to \$500) to be listed on the MLS. Under MLS rules, offers must be presented to the listing agent, who then presents it to the seller. Sometimes there are additional fees for negotiating the contract and the inspection notice and whatever else arises.

I checked on several of the listings and most were on realtor.com,

which means the agents were Realtors. Most were not enhanced on realtor.com, and I didn't find any with virtual tours. All but 11 of the listings offered 2.8% or 3% commission to the buyer's agent. One offered a penny, and two offered \$1.

I checked the 103 "limited service" single-family sales in Jeffco for 2012 and only eight of them closed paying less than 2.8% and only two of those less than 2.4%.

To put it in perspective, then, sellers should realize that they're only likely to save a little over 2% on commissions by going to this route, since the average commission is reported by NAR to be just over 5% and the seller is still paying various fees for service.

I'm sure it makes sense in the seller's mind, but what is the seller giving up by taking this approach?

Mostly, one gives up marketing services — enhancement on realtor.com, advertising such I do with this column when I feature a new listing, syndication to consumer websites, virtual tours, video tours, color brochures, open houses, signage, free moving truck, etc.

Of those current Jeffco listings, only 16 had a showing service to handle showings, and most of the others had the seller's phone number for setting showings. Two had no phone number. With a showing service comes the feedback process which can be quite useful, since the seller received no advice on pricing, etc.

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