

Seven Things You Must Know Before Hiring a Real Estate Agent

Introduction

Selling a home can be one of the most stressful situations of your life. Whether you're upsizing, downsizing, moving across the country, or anything else- this isn't exactly a fun process!

That's why real estate agents exist! Their job is to make your life easier- period.

Obviously you have to pay for this service, but almost everyone who uses a good real estate agent will tell you that it's money well-spent. Not only will a good agent help make everything less stressful, but it will also require less time on your part.

Not to mention that you'll also get a better deal, sell the house faster, and have an advocate helping you with the paperwork and everything.

The only problem with real estate agents is that there are SO many out there. Tens of thousands of people enter into this market each year, thinking they're going to be the best agent the world has ever seen. Unfortunately... most of them don't really know what they're doing, which can cost you BIG time.

This report will make sure that doesn't happen to you.

By the time you're done reading these next few chapters, you'll know more about real estate agents than half of the agents out there selling houses right now!

Now let's start by talking about one of the most common questions people ask themselves- are real estate agents worth it?

Should I Hire a Real Estate Agent?

The short answer is a resounding YES!

But a lot of people- including yourself- probably want to know *why* you should hire a real estate agent.

There are a lot of reasons why, but here are a few of the main ones:

Experience

How well do you know the local real estate market? Do you spend all day looking at houses?

What about the costs of different services like painting, finishing basements, or repairing HVAC services?

What about the basics of real estate law and the buying process?

Probably not.

But real estate agents do.

Their entire job is to know the local real estate market. This also means they know a ton of people and can make sure you get a fair deal. If you tried to do everything on your own, you are looking at spending a LOT more time learning this stuff than you'd like!

Tools

Professionals always have access to the best tools. Whether it's a real estate agent, painter or construction workers, you can bet that they'll have better tools than the average Joe.

For example, a real estate agent can get a home listed on Realtor.com. If you're just selling your home on your own, you won't be able to use this tool.

Another example is called The Listing Book. This site has a lot of great information on it, but you've probably never heard of it unless a real estate agent told you about it.

Play the Strengths

Since a good real estate agent knows the local area, they can help you point out the strengths and weaknesses of your home. Some of these you can probably figure out yourself, but you'll be surprised at what a good agent might find.

For example, if you live in an area like the Southeast, termites are always a concern. You may live in a home that has almost zero risk of a termite infestation, but you (probably) wouldn't know that unless you have a real estate agent take a look.

Or maybe that finished attic you have will add a lot more value to the home than you were originally expecting.

The bottom line is that if you don't have an agent, you probably have NOBODY helping you. Friends and family- unless they have experience in real estate- can't really give you great advices. Besides- if they're like most people, they're probably too busy to spend a lot of time helping you out, right?

All of that said... if necessary, you can sell your house yourself, which we'll talk about next.

Can I Sell My House Myself?

Even though everyone knows a real estate agent makes life easier for them, many people decide they want to save money and do everything themselves.

That's fine, but there are a few things to keep in mind.

Keep it Legal

Many states- especially on the east coast- require that a law firm has to manage the actual closing. This is actually a good thing, as it makes sure that the paperwork is done correctly and nobody goes to jail.

If you're selling your house on your own, you'll have to do a bit of research to see what your state requires. You'll probably find that even if you don't need a lawyer, it's not a bad idea to get one!

A real estate agent is helpful here because they would already know that and can point you towards a few lawyers they've worked with.

Inaccurate Home Price

Pricing the home is a tricky business. You don't want to ask too much, because you'll have trouble getting anyone to even look at it.

Meanwhile, pricing too low just to get more offers will bring its own problems. You'll get more riffraff looking at the home, some people will wonder about the safety of the local area, and you'll have a lot more people calling you to ask questions.

Plus, remember that a lender will only finance as much as the home is worth. They don't care that you're trying to get out from a house that you've lost money on- they're just looking out for themselves.

A good agent will make sure you price your house correctly, and then justify that price. They'll help you look at comps, highlight the home's best features, etc.

Time

Selling a home by yourself takes a LOT of time. This is time away from work, family, friends, and even your own fun!

Besides just the paperwork, talking to potential buyers, marketing the home and doing research into comps and the law... you also need to keep it show-ready. This alone takes time! Granted, if you have a family they will definitely help with that, but it's still a consideration.

If you had an agent, your main job would be to just keep the house show-ready. That's a much easier task than combining it with everything else.

Are you convinced that you should hire a real estate agent yet? If not, maybe the next section will help.

What Will a Real Estate Agent Do for Me?

Here are a couple of things that a real estate agent does for you:

Negotiation

A good real estate agent will help you negotiate with potential buyers. When the offers start coming in, you'll want someone on your side to help advise you. Each offer will probably be a little different, and you can't just look at the financial side of the offer.

For example, are you trying to close ASAP? If so, an offer from a buyer willing to close in just 30 days may be what you want.

Meanwhile, some offers will come with a lot of contingencies because they submitted it before even seeing the house! Those can be a pain.

But how would you know if you don't have an agent helping you?

Avoid Wasting Time with Browsers

A lot of "home buyers" are people who just want to browse houses on the market. They're not seriously considering buying a home- looking around is just for fun.

Besides that, you'd be surprised how many don't even have the credit to buy a home. Sure, they may be honest folks- but if they don't have the credit or money required, you're essentially wasting time talking to them.

If you get a seller, they'll help act as a "riff-raff filter". They will do their best to make sure the potential buyers coming in won't just be anyone off the street. Instead, they'll be qualified buyers who are serious about finding a home.

Got Lawsuits?

The final thing we want to point out is that even though real estate agents aren't lawyers, they still have a very good idea regarding what's legal or not. This is largely about just being honest about the home's features and history, but there's also aspects such as getting a building permit for something you added on.

Do a lot of sellers get sued? Not necessarily, but it definitely happens if the buyers feel misled or lied to. An agent- even though they're primarily your advocate- will help make sure that doesn't happen.

Like to Relax?

Real estate agents will do most of the legwork for you. For example, they'll hold open houses, market your home on the Internet and the local community, create fliers and brochures, take pictures (or hire a photographer), and more.

Essentially they make selling your home require much less time on your part. This allows you to focus on your upcoming move and even buying your next home.

This is especially nice if you have a family, considering we all know that when you're working and have kids, life gets a little busy!

How do Real Estate Agents Get Paid?

This will probably be the shortest section, as it's the simplest to explain!

Real estate agents always charge some kind of commission based on the value of the home. The traditional amount is 6% of the purchase price. So if your home sells for \$200,000, your commission to the selling agent would be \$12,000.

...but there's more to it than that.

If the buyer also has a real estate agent, that commission is split evenly between the two agents. Therefore each agent will receive \$6,000.

Well, to be a *little* more accurate- the agent's company will receive that much. How much the company decides to pay your actual agent is up to them.

Who Pays the Commission?

In almost every case, the seller pays the agent's commission. After all, they're the one now sitting there without a home but a lot of cash!

But many people argue that it's actually the *buyer* who is paying the commission. They say that because the agent's commission is included in the price of the home.

Of course that's just semantics. But the bottom line is that if you're the seller, you can expect to cut a check for the agent commissions. Don't feel like you're losing out though, because as we just mentioned, that commission was most likely considered when the agent helped you price your home.

How to Do Your Homework in Finding a Real Estate Agent

Before you hire a real estate agent, make sure you do a bit of research first. You don't want to just select the first agent that you come across!

There are three main ways to find out about agents in your local area- referrals, the Internet, and (possibly) your lender.

Referrals

I assume that you know someone who has sold or purchased a home before, right? Most of us know dozens, if not hundreds of people who have gone through this process before.

If that's the case, you have a huge network of people that you can ask about real estate agents.

You can find out who it was, whether or not they did a good job, how polite and thorough they were, etc. This is "straight from the horse's mouth", and (hopefully) your friends, coworkers and family will steer you the right direction.

This is best used in the beginning of your search. There are a lot of agents out there, so if you find a few *before* going to your network and asking, you'll probably find that your network won't know that agent. Instead, they'll point you towards others.

But just like 2,000 years ago, getting a good referral is a great way to start.

Lenders

Credit unions and banks work with real estate agents all the time. Usually most of this work is done at the closing table, but you can still get to know someone and see their personality during that time- especially if you work with them multiple times.

Ask the company that owns your mortgage if they can refer you to a real estate agent. They may not be able to tell you very much, but you may also be surprised and be referred to the best agent in town!

The idea here is that it never hurts to ask.

The Internet

The greatest research tool in the world, the Internet almost makes everything *too* easy. You can quickly find reviews of different brokerages and real estate agents online, with everything from Google to Yelp or Angie's List.

The key to using the Internet is mainly using it for reviews- not just finding more agents to choose from. It's useful for that too, but you don't need a list of dozens of agents!

Another good way to use it is with social media. Use tools like Facebook or Google+ to make asking friends and family for a referral much, much easier. Calling or even sending text messages isn't as fast as social media.

The important thing about doing your research is just that you take the time to do it. It doesn't take too much time to find a few good real estate agents, and since you'll be paying them a nice-sized commission check, you want to make sure that you get the best, right?

Picking the Right Agent for Your Situation

Once you've found a few highly-recommended real estate agents, you should talk to a few of them to see who you think will do the best job. Notice that I didn't say picking one that you "like the best", as that might be based too much on personality, not how proficient they are at their job!

Here are a few things to look for in a great real estate agent:

Knowledgeable. They should know the entire buying process, how to quickly put together any paperwork required and how to negotiate. Keep in mind that even if someone is licensed, that doesn't mean they have these other skills- it just means they can pass required tests!

Licensed. This is a minimum. Would you have an un-licensed architect build your home? How about a completely random guy off the street do your heart surgery? I doubt it... Now I know that may be a *little* bit of an exaggeration, but you get the point.

Familiar with your market. Every real estate market out there is different. The condo market in New York City is different than in Los Angeles. The single detached market in Atlanta is very different than in Macon, just a bit to the south. Make sure your agent has experience in *your* market- both the type of home and the area.

Speaks their mind. Some real estate agents are too eager to please. They'll tell their client whatever they think the client wants to hear- not what the client *should* hear. If the carpet is nasty, you want an agent who's willing to tell you that. If you painted a room completely black, you want an agent who will recommend you re-paint before the house goes on the market. These kinds of things will help your home sell faster- just don't take it as a personal attack from the agent!

Integrity. This is crucial. Integrity is everything- you don't want an agent who tries to trick anybody! Not you. Not the buyer. Not the bank or inspector. Nobody.

Full time. Even though some real estate agents try to do it in their spare time... that's not a good route to go. You want someone who can devote a lot of time towards selling your home, right? With all of the paperwork, phone calls and face time required, you want to stick with someone who is a full time, professional, experienced agent.

Computer literate. And keep in mind that "computer literate" isn't restricted to desktops anymore. It also includes smart phones and tablets! It's amazing that some professionals still try to operate the old fashioned way. Make sure that the agent you're working with uses the Internet, smart phone apps, and a number of other tools to do their job. It creates less paperwork and is faster- period.

Personable. You want a real estate agent that is likable, right? Someone who is very friendly and smart. Real estate agents are people too- they have family, friends, and they should be able to talk about them. They should be able to crack a joke, laugh at something funny that they see, etc.

Detail-oriented. As we've already discussed, selling a home takes a LOT of paperwork. Even though you may be someone who isn't extremely detail-oriented, you want your agent to be. They'll dot every "i" and cross every "t" to make sure your home is listed correctly, everything is truthful, and ensure that you don't get the wrong end on the contract.

Important Questions to Ask Your Real Estate Agent

This list will help get you started. It's not 100% complete, but it will help get you started when you start interviewing agents.

- How long have you been a real estate agent?
- Is this your full time job?
- How many sales have you handled in my area over the last year?
- What's your commission fee?
- What kind of services do you offer?
- When am I 100% committed to working with you?
- When you've had clients unhappy with your service, what went wrong?
- Have clients filed complaints against you with the state licensing board?
- Do you have anyone else on your team who will be working with us?
- How quickly do you think this house will sell in this current market?
- Will you show me comps when we decide on the price of the home?
- Do you ever represent buyers and sellers for the same house?
- What sets you apart from other real estate agents?
- What do I do if I'm unhappy with your service?
- Do you have any references from your last few sales I can talk to?
- Should we stage the house? If so, what do you recommend?
- Given the home's current condition, would you recommend improvements to help it sell faster?
- How long (on average) does it take you to sell a home?
- What's your overall business philosophy?
- How frequently will you contact me to keep me updated regarding the sale of the home?
- What is your list price/sales price ratio? What's the market's?
- Can I see a portfolio of other homes you've sold?
- May I see your resume?
- How will you market my home? Will you use the Internet?

Again, this is just to help get you started. But if you ask even 1/3 of the questions on here, you're doing better than most sellers!

Conclusion

Selling a home is stressful, especially since it's a buyer's market right now.

But you can take a LOT of stress off yourself if you simply choose to work with a great real estate agent.

The important thing is to just do your research. Take some time to find great agents in your local area. Just a little time spent asking around will go a long way.

Good luck with selling your home, and please let us know if you have any questions or comments.