

(Seller Article)

Types of Listing Agreements

There are several different types of listing contracts, but very few of them are used. The "Exclusive Right to Sell" is the most common, but there is the "open listing," the "exclusive agency listing," and the "one-time show."

Open Listing

The "open listing" is mostly used by people trying to sell their home by owner who are also willing to work with real estate agents. Basically, it gives a real estate agent the right to bring buyers around to view your home. If their client buys your home, the agent earns a commission. There is nothing exclusive about an open listing and a home seller can give out such listings to every agent who comes around.

For that reason, no agent is going to market your home or put it in the Multiple Listing Service. If your home fits the criteria for one of their clients, and it is convenient, they may be willing to show it to their client. That is all an "open listing" is good for.

One-Time Show

A "one-time show" is similar to an open listing in many respects, as it is most often used by real estate agents who are showing a FSBO (for sale by owner) to one of their clients. The home seller signs the agreement, which identifies the potential buyer and guarantees the agent a commission should that buyer purchase the home. This prevents the buyer and seller from negotiating directly later and trying to avoid paying the agent's commission.

As with an open listing, agents will not be spending money on marketing your home and it will not be placed in the Multiple Listing System.

Exclusive Agency Listing

An "exclusive agency" listing allows an agent to list and market your home, guaranteeing them a commission if the house sells through any real estate agent or company. It also allows sellers to seek out buyers on their own.

This is not a popular type of listing agreement. The reason is that there is not much incentive for agents to spend money marketing your home. If you come up with your own buyer, they have spent money they cannot earn back through the real estate commission. Plus, it is too easy for a greedy buyer to go around the agent and negotiate directly with the seller.

If you find an agent willing to accept such a listing, do not expect too much from them. They will probably just place it in the Multiple Listing Service and sit around to see if something happens. A good agent would never accept such a listing, and you probably want a good agent.

Exclusive Right to Sell

Giving a real estate agent the "exclusive right to sell" your property does not mean that there will not be other agents involved. Your agent is the listing agent and part of his or her job is to market your home to other agents who work with buyers. Those agents will show your home to their clients. Regardless of who sells the home, even if you sell it yourself to a friend at work, your listing agent will earn a commission.

An exclusive right to sell is the only type of listing an effective real estate agent will accept. This is because they have a reasonable expectation of earning back any money they spend on promoting and marketing your property.

Details of a Listing Contract

Price and Terms of Sale

When setting the terms of sale, the main thing you are concerned with is the price. You should have a basic idea of what your home is worth by keeping track of other sales in the neighborhood. Plus, you have probably interviewed at least two real estate agents and they have given you their own ideas. Exercise great care in determining your asking price, making sure not to set it too high or too low.

In addition to the price, you will disclose what personal property, if any, goes with the house when you sell it. Personal property is anything that is not attached or fixed to the home, such as washers, dryers, refrigerators, and so on.

There may be some item that is considered "real property" that you do not intend to include in the sale. Real property is anything that is attached to the home. For example, you may have a chandelier that has been in your family for generations and you take it from home to home when you move. Since the chandelier is attached to the house, it is considered "real property" and a reasonable buyer would normally expect it to go with the house.