

10 Questions that only the
"Best of the Best"
Real Estate Agents
won't be afraid to answer.

By Christopher Scholle and Mike Waters

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Do You work with a Real Estate Agent? You know, they are the guys and gals that drive around in those big expensive cars. You see them stopping from time to time along the side of the road. You're not sure, but you think they may be putting up signs or scraping up the road kill or something.

That's right, it's a Real Estate Agent, or Realtor, as some are called. They wear badges of honor like "Presidential Member", "Platinum" or "Bronze Multi- Million Dollar Baby". I poke fun because oftentimes many agents don't have a clue to what it takes to make money in real estate. Agents are trained to solicit listings and showcase their broker. I know because for years I worked as an agent and broker for "big blue" and other national chains. I didn't really begin learning about making money as an investor until I had left brokering as my primary profession.

That's not to say that all agents are egocentric buffoons, just some of them. I personally work very closely with an agent in my market. My agent knows what I buy and my criteria for making offers. Our relationship took a little while to develop, and he is invaluable in my investing business. As an investor, you can either work with the Realtor community or not. I have done it both ways in different states and I continue to do it both ways. Realtors have a wealth of resources that are not as readily available to the new investor. Depending upon the types of transactions you pursue as an investor, an alliance with an agent may minimize any licensing requirements that may or may not come up for your business activity. They can keep the State Department of Real Estate off your back.

Since many investors are not sure how to work with the brokerage community, we've made up a list of questions that can assist you in finding a good flexible agent. Often times, new agents are great because they have not been jaded by past experience from an unloyal investor. These are by no means all the questions you should ask them, I personally hold a lot of stock in working with my friends, but asking at least these questions may assist you finding the "Right One" for you.

Q. *"Can" (Will their broker allow it), and "Will you" take a discounted or deferred commission to make a deal work?*

A. All agents work under a brokerage, and even though "they" might be willing to take a discount, their broker might not allow them. This can be a big concern, especially if your circumstances force you into accepting a lower price. You could have to come up with a few thousand dollars out of pocket just to pay the realtor if he answers "No" to this question. If he were able to take a discount or defer you, you could walk away with your profit margins in tack. I have seen many deals where it came down to as little as a few hundred dollars difference, and the agent either couldn't or wouldn't discount his/her commission - and it cost the deal! If they say "Absolutely No" let them know you are not after them working for a lesser or discounted commission, you just need to know they can be flexible, if you get in a tight spot.

Q. *Can or will you give me a written commitment to advertising dollars spent each month?*

A. There are some agents who will do nothing more than list your house on the Multi Listing Service "MLS" - and that is it! They expect other agents to sell your house for them, and they get paid for sitting on their butt. Don't be unrealistic, \$1000 a month advertising on a \$50K house ain't gonna happen. Ask that they send you proofs, or copies of ads, etc. Most offices have bulk advertising that agents can participate in for a nominal fee. Remember, your agent is not the one who is making your house payment every month, you are. No-one cares about selling your houses like you do.

Q. *How long at the "Suggested listing price", will it take to sell my house?*

A. Sure! Your agent will tell you what your house is worth. He may even give you a comparable sales analysis. However, what will it "Sell for"? Some people want their agents to lie to them. Tell your agent that you want nothing but the facts. This is very important. There are areas where even though your house may be worth \$200,000.00 it will only sell for \$180,000.00. You need to know these things before listing. Don't find out after the house has been listed a year with no offers. Don't overprice your listing; it's the kiss of death.

Q. *Can we write a 30 or 60 day listing agreement?*

A. Ok this one's tricky. If he won't agree, ask him "why?". If he said he can sell it in 30 days if it's priced right, then isn't 120 day listing is an unreasonable request? Maybe his broker won't let him list a home for less time. If that's the case, find another agent. The listing agreement locks you into that agent for the length of the listing, and like a really bad marriage, it can be devastating to your cash flow. I have seen properties listed for over 2 years, and the agent won't let the sellers out of their listing agreement, even though the agent hasn't brought a single offer! Ask if you can "fire him" if your not satisfied. Get the answer in writing. This question alone goes along way in determining the character of an agent.

Q. *Do you yourself own real estate? How much? How long?
Are you familiar with creative "No money down" strategies etc..?*

A. This question is important. If you knew how many agents don't own property themselves you would be surprised. How can any agent like that represent you? Are they familiar with "creative strategies"? If not, they might talk prospects out of making an offer because they don't understand it, or they think it is illegal. This could mean you miss a sale because your agent did his thinking for you.

Q. *How many listings does he/she currently
have on the market?*

A. This is a great question. I know a realtor that has over 100 listings, and that's in just one county. Does he really expect anyone to believe that he can handle and service all of those customers? If he spent one hour a week on each, he would never sleep. This agent just gets as many listings as he can, and lets other agents sell them. He quietly collects his 3% and really only spends time getting the next listing. If the agent you're interviewing has too many listings, don't walk away --- run! He can't possibly serve your best interests.

Q. *What % of your listings sell?*

A. What you are really looking for, is an agent's willingness to disclose the facts to you. Just because his percentages are low, does not mean he's a bad agent. Market considerations, etc. may come into play. Also, ask the Realtor you're interviewing for references. I'm not talking about his friends or family, I'm talking people for whom he has listed and sold their house, as well as those he has not sold. He should have no problem giving them to you. Remember, what you are looking for is his willingness to disclose to you all the facts up front. His willingness before will speak volumes to you about his willingness after the listing to work with you and help you out.

Q. *When are you available to "Show Property"?*

A. I'm sorry. If your agent doesn't work evenings and weekends, he is not selling much property. Busy agents may have an assistant or other agents available to show your property. Ask yourself: "who are you hiring?". I know a lot of high profile agents that just go to listing appointments. I personally think it is better to work with an agent that doesn't have a lot of listings competing against one another. People develop certain ways of doing business, and you may not fit into their plan.

Q.

Will your Realtor submit all offers to you?

A.

This is important. By law, they are required to show you every offer, even if they know you will refuse it. However, too many agents refuse to show you offers because, they don't want to offend you, or look bad themselves. Asking this question lets them know you want to see them. Even if it is an offer for \$5.00 dollars cash, you want to see it. I have made offers on properties myself that have gotten no response. Then, a year later, a new agent gets the listing and I resubmit the "SAME" offer, and it gets accepted. Did situations change? NO! The homeowner never got the offer the first time it was made! The agent was doing the thinking for the client, rather than just submitting the offer. This homeowner made payments that he/she didn't have to because their agent did the thinking for them. I can't tell you how many times I have seen agents talk home sellers out of situations that solved their problems just because they personally "didn't like the offer". Egos kill deals all the time in this business.

Q.

Can I sell the house myself, and if so, what do I have to pay the agent?

A.

Most people don't realize that if an agent has a listing on their house that even if their friend or family buys it, they still have to pay a full commission! That's right, you read right. You do all the work. You find the buyer. You make the sale, and the agent gets 6% FOR DOING NOTHING. When I make an agreement with an agent, if I sell my house myself, I pay him \$1000.00 over his costs. That's it. It's a win win.

These are by no means all the questions you may want to ask an agent but it will go along way in stimulating the conversation on ways you may want to work together. I like to also ask questions that let him know I will be calling for comparables and expired listing information, hot sheets etc. I want to talk to my agent frequently and want them to feel comfortable contacting me. A good agent is just one more bullet in a gun for the successful real estate entrepreneur.