

Some agents inflate estimate to get listing

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How would you like to find yourself in this situation? You need to sell your home, so you make appointments with three real estate agents. Each prepares a marketing proposal, including a recommended list price for your home.

You list with the agent who recommends the highest price. Before you get your home on the market, the agent changes her mind and encourages you to list at a lower price. Then, after months on the market without a sale, your agent recommends a drastic reduction to a price that's in line with what the other two agents originally suggested.

During this time period, the market softens and your listing expires unsold. Had you listed at a price that was right for the market when you initially put your home on the market, it probably would have sold.

The moral: Watch out for a listing agent who recommends a high list price for your home just to get the listing. In the real estate business, this practice is referred to as buying a listing.

To guard against it, ask the agent to give you an approximate selling price range for your home. The agent should back this up with comparable sales information. If an agent insists he or she can get you a higher price than anyone else can, ask how the agent plans to accomplish this feat.

Even if your home is unique, an agent should try to justify the price. After all, if a listing sells for that price, an appraiser is going to have to justify the price for the buyer's lender. Your home might not appraise at such a high price unless there are comparable sales to support the price. This could jeopardize a sale.

Home seller tip: If you suspect that an agent is trying to buy your listing, ask for a list of all the listings the agent handled in the last couple of years. Ask for the list price, the sale price and how long it took each listing to sell. Is there a wide disparity between the list and sale prices? How many listings taken by the agent never sold?

Don't succumb to an agent who puts on pressure by insisting that you must list immediately or you'll miss the market. This is rarely the case because markets usually don't change drastically overnight.

Beware of an agent who makes misleading statements about the competition. Agents who are Realtors (members of the National Association of Realtors) subscribe to a code of ethics that forbids knowingly making misleading statements about fellow Realtors or their business practices. If a Realtor uses this tactic, it could be a red flag that the agent is less than ethical.

The agent you select will be your personal representative to the outside world. Keep this in mind when you're making your choice.

Be sure to ask agents you interview if they'll be taking a vacation during the time your home is on the market. If so, make sure that a competent and reliable agent will cover your listing while your agent is away. It's not a crime for an agent to take time off, but it's bad business if an agent doesn't inform clients and simply disappears.

With rare exceptions, it's best to use a listing agent who is a local specialist. Some agents will take listings out of their market area.

The closing: For best results, list with an agent who has extensive experience in your area and who is well known and respected by other agents in your market area.