

## Myths and truths about home sale commissions

A real estate agent's commission as a percent of a property's final sale price represents thousands upon thousands of dollars. Sellers can and should leverage this bargaining chip to gain a significant strategic advantage — or simply ensure they retain as much of the sales proceeds as possible.

To help sellers make informed decisions, consider these commission-related myths and truths:

**Myth:** All real estate agents charge the same commission percentage.

**Truth:** Not all agents — and agent packages — are created equal. From full-service agents to discount agencies, make sure you know the type of professional you are hiring and what exactly he or she will do to sell your home. An agent that can professionally market your



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home above and beyond the Multiple Listing Service listing will increase your exposure within the marketplace, which

will lead to a higher selling price and less days on the market. Will your agent incur costs to give your home that visibility? Find out, so that you may take everything into consideration when establishing the commission percent.

Despite what an agent might say otherwise, commissions are always 100 percent negotiable.

**Myth:** It's admirable when an agent offers to lower his or her commission.

**Truth:** Agents that are quick to cut their fee to keep your business are also quick to cut the all-important marketing budget for your home, often at a time when it needs it most. If an agent is that amenable to giving away his or her own money, imagine how quickly he or she will give away your bottom line when negotiating a deal with the buyer's agent purportedly in your best interest. Realtors can and should be paid on results. If your house doesn't sell, they don't get paid and it's your prerogative to move on and take another representative if need be. It's that simple.

**Myth:** One dedicated agent is better to sell your home.

**Truth:** In real estate, a team approach is far more effective than a lone soldier for getting the job done expediently. Commonly referred to as a "co-op," ensure your agent is offering other agents a financial incentive should the agent bring in a buyer. Make sure it is at least on par with what your competition

is offering. You may even want to offer a bonus to entice other agents to show your home. Ask to see your home's MLS "detail view," so you can make sure your agent isn't decreasing your exposure by withholding a competitive co-op.

**Myth:** Agents should set the list price based on the seller's needs, desires and recommendation.

**Truth:** Most agents will know the fair market value for your home in the context of current market conditions, but beware an agent willing to overprice your home. He or she is likely willing to do so not only to try to get the seller the desired bottom line, but also to help justify the agent's full commission fee upon signing. A common scenario is that an agent sets the price higher than is reasonable, knowing it won't sell and expecting future price reductions, but with the agreed upon commission percent intact. The overpriced home will likely languish too many days on the market, which puts it at a strategic disadvantage and may ultimately force the home to sell for a lower price than it would have otherwise. Be wary of agents telling you what you want to hear. Seek out an agent who is honest, even if reality is disappointing.

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