

How to sell a house

How to sell a house without making the 18 most common mistakes made by home sellers. Here is the good news - the solutions!

Mistake #1 - Signing a Standard Agency Agreement

The most dangerous thing you can sign is a "standard" selling agreement. Thousands of sellers don't know how to sell a house without making this mistake - they sign up with an agent without realising what they are doing. Once you sign, you are at the mercy of the agent. You have lost control. That's why many agents describe sellers as being "controlled" - it means the agent has control.

Agents may say their agreement is "standard". But it is designed to the agent's standard, not to your standards. It totally protects agents. It barely protects you.

Be careful. An agent's selling agreement is a legal contract. Treat it seriously.

Your Solution

Don't sign any contract unless you are guaranteed that your basic rights are protected. Find out how to sell a house without being exploited. Seek independent legal advice or use the Consumer Protection Guarantee for Home Sellers which has been designed in consultation with legal experts and consumer advocates.

This Guarantee is available to all homesellers at no charge and with no obligation. Despite what some agents may say, you can use it with any agent in any area.

This Guarantee has huge support from consumers, lawyers and consumer advocates. It has been described as a "lie detector" test for agents. The Guarantee prevents the agent from hurting you. If an agent does not want to sign it, do not hire the agent, no matter what you are told.

[View the Home Sellers Guarantee \(PDF: 30.52Kb\)](#)

Mistake #2 - Not Trusting the Agent

If you don't trust the agent, don't hire the agent.

The most important ingredient in any relationship, business or personal, is trust. Before you choose your agent, ask many questions, check references, insist on a GUARANTEE, test their negotiating skills and ask yourself a BIG question: Do I feel comfortable with this person handling the sale of my family home? If your answer is 'no', do not hire the agent.

Your Solution

Feeling good is not a good enough reason to trust the agent. You need proof that the agent deserves your trust. And that's easy - just make sure that anything you are told verbally is GUARANTEED in writing.

When the agent says something that sounds good, just say, "that sounds good, would you give me that in writing?" This will really test whether or not the agent deserves to be trusted.

Mistake #3 - The Quote Trap

One of the most common mistakes made by sellers is believing the price the agent quotes for the sale of their house.

Once you sign-up with the agent, if the selling price is less than the price you were quoted, too bad. There is nothing in the "standard" real estate agreements that compels agents to honour their quotes.

The 'Quote Trap' catches thousands of sellers who are told one price before they sign-up and another price after they have signed-up.

As absurd as it seems, if a house sells for any price, the agent still gets paid.
Your Solution

Insist on a written quote guarantee, just as you would with any business. You should only pay the agent if you get the price you were quoted - or more. Don't accept any excuses about "the market". Granted, no one can know exactly what any house will sell for; but the agent can give you a price range ~ from a low point to a high point - and if your home sells below the lowest point of the price range, do not pay the agent.

An agent who is telling the truth about the price of your house will have no qualms about giving you a written commitment that the words you hear are the truth.

Mistake #4 - Failing to Check out the Agent

Choosing an agent based solely on a high quoted price and a low commission rate can be a dreadful mistake. Agents who offer low commissions can be poor negotiators. You are hiring an agent to negotiate the best market price for your home. Take the time to 'check out' the agent. A little research can mean BIG savings for you.

Once you have signed up with an agent you may be horrified at the things the agent says and does when handling the sale of your home. Many agents openly encourage buyers to offer lower prices. Many agents reveal confidential information about sellers, such as "These people are in trouble." If you have a pressing personal reason for selling - illness, divorce, financial commitments, the agent may tell buyers about your reason. This really weakens your position.
Your Solution

Treat the hiring of an agent like a job application. Ignore written references because you may only be shown the good ones.

You must discover if the agent is honest and competent. There are two ways to do this. First, ask the agent for details of all their current homesellers. Call some of these people and see if they recommend the agent. And second, you should 'Mystery Shop' the agent to make sure the agent is not going to say one thing to you and another thing to buyers. Call the agent's office and make enquiries about one or more of the homes they have for sale. Ask questions such as "Why is the home being sold?" and "What is the lowest price the owners will take for this home?"

'Mystery shopping' will tell you if this is the agent you want to handle the sale of your home.

Mistake #5 - Signing-up For Too Long

Thousands of sellers get caught with the wrong agents. If you sign a 'standard' real estate agreement, and, later, you are not happy with the agent, it is very hard to get out. Once you sign-up you are 'locked-up' for the time period you signed. This is one of the most frustrating mistakes made by homesellers.
Your Solution

Don't sign anything which locks you up for a long time. Consumer advocates recommend short time periods. In Queensland, 60 days is the maximum time allowed by law. But even that may be too long because the longer the agent has your home, the more chance that you will be pressured to lower your price. The maximum time should be 7 weeks (49 days). Many sellers only give an agent 30 days to start with. If you are happy, you can extend the time later. Be careful. Keep control. Insist on a short selling agreement.

Mistake #6 - The Advance Fee Scam

It is a big mistake to pay any money in advance. Many sellers hand over thousands of dollars and lose their money. Consumer advocates call this the 'Advance Fee Scam'. In real estate, it is called "up-front" money. The excuse is advertising, which involves some of the worst traps for sellers. It is a very easy mistake to make.

It is also very easy to avoid.

Your Solution

Do not pay any money in advance for any reason. Many sellers are now waking up to this mistake. They say to agents, "We will only pay you if our home is sold and we are satisfied. If not, we pay nothing." Also, don't sign anything which requires you to pay any money if your home is not sold. You should only pay the agent after your home has been sold and you have received the price and the service you were promised. No excuses. No exceptions.

Mistake #7 - Becoming a Victim of Conditioning

Conditioning is one of the cruelest real estate tricks. It has one purpose: to convince sellers to lower their prices so that their homes can be easily sold, thus ensuring that the agents get paid.

There are two classic symptoms of conditioning. The first is when the agent praises your home before you sign and then criticises your home after you sign. The second is when the price the agent quotes you becomes much less after you sign.

Conditioning works in two stages. The first stage is the 'Activity' Stage. This is when the agent creates lots of activity - which causes your home to be sold for a lower price. The second stage of Conditioning is the "Crunch". This is when pressure is applied to you to reduce your price.

Conditioning is a common real estate trick. It is taught in several real estate courses. Most sellers are no match for trained agents. They do not realise what is happening until it is too late.

Your Solution

If you are being pressured to reduce your price, or the agent is using methods which can cause you to get a lower price, you should have the right to dismiss the agent. It is your home, you probably worked hard to buy it. You should protect its value. You must insist on the right to dismiss an agent if you are subjected to 'conditioning'.

Mistake #8 - Advertising & LOWER Prices

Thousands of sellers do not realise how agents use advertising to promote themselves. And very few sellers realise how advertising damages the value of their homes. Typical real estate advertising often gets lower prices. It is a "conditioning weapon" to convince you to lower your price.

The more a home is advertised and the longer it remains unsold, the easier it is to persuade you to lower your price. When buyers see a home advertised week after week, they wonder what is wrong with it. It can easily become known as a lemon. And lemons get lower prices.

Agents say that advertising attracts buyers. But almost all buyers never buy the homes they first called about and even those who do, would still have bought the homes. Buyers do not buy because of advertising. They buy because they like the homes.

If advertising really was the cause of selling your home, why would you need an agent? You could put ads in the paper yourself and save thousands in commission.

Agents may say your home needs lots of "exposure". But exposure is like sunburn. The more you expose your home with typical real estate advertising, the more you burn your price.

Many agents who have stopped typical real estate advertising have saved sellers thousands of dollars and achieved better prices.

Your Solution

You are the seller of a home, not the buyer of advertising. If the agent can't show you how to sell your home without damaging its value through typical advertising, choose another agent. The best agents protect the value of your home. They know how to attract buyers who pay the best prices.

Mistake #9 - An Agent Who Treats buyers Badly

Agents who treat buyers badly will also treat sellers badly. If you have ever tried to buy a home you will know exactly what this means.

Buyers like to deal with agents who will listen to them. But thousands of buyers complain at the lack of courtesy from agents - especially when it comes to returning phone calls or keeping in touch. Many agents advertise constantly rather than keeping in touch with buyers who enquire to their offices. This is inefficient, incompetent and lazy.

Agents often tell sellers that they have to "find a buyer". But this makes almost no sense. If the agent is efficient the agent should already know who is looking to buy because all buyers come in to an area before they buy. It's obvious, but most of us don't think about it like that.

If the agent does not treat buyers well, it means the agent is losing the people you need. Stay away from such agents.

Your Solution

Just as buyers go to agents and say, "What homes do you have?", you, as a seller, should say to an agent, "What buyers do you have?"

The best agents keep in contact with buyers and they keep accurate records. They know who is buying, what they are looking for and how much they can pay. They treat buyers with respect and courtesy. This means that the best and most efficient agents have immediate access to the best buyers. Don't judge agents by their advertisements, judge them on how they treat buyers.

Mistake #10 - A Poor Negotiator

The main reason home sellers lose money is because so many agents are poor negotiators.

There is a big difference between what a buyer pays for your home and what that buyer would have paid. Most agents do not know how to obtain the best market price. Just ask anyone who has bought a home what was the price they paid and what was the price they would have paid. Thousands of buyers are able to buy homes below their maximum price because so many agents are such poor negotiators. It is astounding.

Your Solution

You don't need a slick salesperson, you need a good negotiator.

A good negotiator can easily mean an extra ten percent on your selling price. To discover if an agent is a skilled negotiator, ask the agent to teach you something about negotiation. If you are not impressed with what you hear, if you do not learn something worthwhile, do not hire the agent.

Insist on an agent who is a skilled negotiator.

Mistake #11 - AUCTION

Auctions are the real estate industry's greatest fraud. Thousands of consumers are being cheated.

The greatest myth with auctions is that they are "the best way to sell". This is not true. Auctions are one of the worst ways to sell your home, no matter what area you are in or no matter what the market conditions are like. AUCTIONS GET LOWER PRICES.

Agents are the big winners with auctions. Consumers are the big losers, because they are so easily caught by the deceit and the tricks. One of the greatest tricks is the "reserve" price. Agents will say that homes often sell above reserve. But the reserve is your lowest price. It is the minimum you will accept, under pressure.

Auction involves extreme pressure to sellers - "crunching" them to accept whatever price is offered at the auction. Agents are taught to use auctions to "condition sellers". The Real Estate Institute of Australia published a book describing auctions as "the fastest and best conditioning method".

Very few people, other than agents, understand the scale of auction fraud. As one lawyer commented, "The auction system is just one gigantic scam and everyone in the industry, other than consumers, seems to be in on it."
Your Solution

The best advice is don't auction. However, if you can't resist the sales spiel, at least insist that you pay nothing unless your home is sold at the price you want. And do not fall for the "dummy bidding" trick. Agents may say that dummy bidding helps you to get the price up. They also say it is only done below the reserve price. But if agents started the bidding at the reserve price, there would be no need for dummy bidding. The reason bidding starts below your reserve price is that many agents intend to "crunch" you under extreme pressure to lower your reserve price.

If auction agents were compelled by law to offer guarantees to consumers, the typical auction system would cease to exist. Don't let auctions into your life.

Mistake #12 - Bait Pricing

You must never allow an agent to use a false low price to attract buyers to your home. This highly deceptive form of selling may be sold to you as a "new way of selling" By Negotiation, Offers Above, Price Guide, Set Sale.

The agent may say that offering a lower price "attracts more buyers". But it attracts buyers who only want to pay a lower price. The lowest price they see is the highest price they will want to pay.

Bait Pricing also does severe damage to the value of your home because it creates the impression that your home is worth less. Even buyers who could afford to pay more for your home will still want to pay the lowest price mentioned.

By using bait prices, agents commit a dreadful marketing blunder. It is a basic principle of marketing that you must market your product to buyers who can afford it. If not, you can easily be forced to sell under pressure at a lower price.
Your Solution

If agents cheat buyers, they will cheat sellers too. You should not even contact an agent who is using Bait Pricing. Avoid them completely.

If you want the best price for your home, the first thing you need is buyers who can afford to pay the best price for your home.

Mistake #13 - Setting Your Price

A price which is too high can make buyers ignore your home.

A home will quickly become 'stale' if it is not sold in a few weeks. And stale homes get lower prices because buyers wonder why others rejected it. Your home must never be seen as a reject.

But if you price your home too low, you might sell it too low.
Your Solution

You should set a starting price high enough to protect you from selling too low and appealing enough to attract the best buyers. The buyers are told that the price you ask is the price you will accept if that price is the best price you are offered.

Be careful. Some agents say that when you put a price on a home the price can only go down. This shows that these agents are poor negotiators.

The starting price for your home can go up or down. It depends how many buyers are interested and the skill of your agent at negotiating. Many homes sell for more than their starting price. If two or more buyers are interested, the agent will ask each buyer to offer their best price in confidence. You take the best offer. It's fair and it's simple.

Unlike bait pricing or auctions, buyers are told the truth from the start. This attracts buyers. There is no gazumping, no deception and you get the best market price.

An honest agent should be able to advise you about the price of your home. But, if you have any doubt, you should engage an independent valuer.

Mistake #14 - Open Inspections

There are two big dangers with open inspections - first, they are a security risk and second, they can easily damage the value of your home.

Despite the warnings and the enormous evidence, many agents continue to allow hordes of strangers to wander through family homes. Most people who visit open inspections are lookers, not buyers. Thieves also visit open inspections and check the home for a future break-in. Your home is probably not insured from theft caused by an open inspection.

But the purpose of open inspections is not to sell the home, it is to create the impression of activity and "condition" sellers to lower their prices. Sellers believe that the people looking at their home are 'buyers'. This makes them easy to persuade to reduce their prices. Sure, some of the people at the open inspections will be buyers. But the agents rarely know who is a real buyer and who is a looker. The agents then say to the sellers, "See, it didn't sell. They all think the price is too high." As with typical advertising, one of the reasons the home does not sell is because the real buyers wonder what's wrong with it. Hence the value is damaged and the price has to be lowered.

Open Inspections are also used by agents to find sellers of other homes in the area. This is one of the most common behind-the-scenes tricks in real estate.

Your Solution

Insist on your security. The best agents interview buyers before bringing them to your home. This is called "Qualifying". And that's all you want - genuine qualified buyers. These buyers should be able to inspect your home at any time (within reason). You hire an agent to sell your home for the best market price, not to wave people through your home. You could do that yourself and not have to pay an agent.

If the agent says there is no security risk, ask the agent to accept responsibility.

Mistake #15 - Rejecting the Early Buyers

It can be a big mistake to reject early buyers for your home. Many sellers have discovered, from bitter experience, that the buyers they rejected when their home was first placed for sale were the buyers prepared to pay the highest price.

An efficient agent will have a 'bank' of buyers waiting. The agent will select the best buyers and bring them to your home. This can be your best chance to get the best price. If your home does not sell to any of the buyers in the 'bank', you will have to wait for new buyers to enter the market. The number of buyers for your home will get lower not higher, as time goes on. And your price will often get lower too.

Agents who say it may take many weeks to find a buyer are admitting that they are inefficient - or they are failing to tell you the truth about the value of your home. They know your home is priced too high and they have to "condition" you down in price. The purpose of advertisements and massive numbers of inspections is not to "search for buyers" - the buyers are already in the area - its to "condition" you with lots of visible activity. This activity damages the value of your home. It tells buyers that your home is not sold. It also makes you think the agent has worked hard. But hard work is not the same as efficiency.

How many times do you hear of sellers having their homes for sale for a long time and getting a higher price? Almost never.

High prices come early. Low prices come late.
Your Solution

Consider carefully the early offers you receive. You may even get the full asking price (or more) in the first few days. If the early price enables you to achieve your goals, you should strongly consider selling sooner rather than later at a price which is likely to be much lower.

The hallmark of an efficient agent is one who can find the best buyer willing to pay the best price in the shortest time and with the least cost to you. That's efficiency.

Mistake #16 - Paying Too much Commission

Too many sellers pay far too much commission. The most important point is what you get for the commission you pay. If you get a lower price than the agent quoted you, then you should not be paying any commission./p>

The wrong agent can do tremendous damage to the value of your home. Some agents not only get lower prices, their lack of competence can cause your home to be sold for a lower price. And many of them charge high commissions. These agents are bad value at any price./p>

The most important qualities in an agent are honesty and good negotiating skills. Honest agents are prepared to prove themselves by not charging until after your home is sold and you are satisfied.
Your Solution

There are four factors with paying commission about which you should be very careful. The first is paying money in advance. Don't do it. The second is being asked to sign anything which requires you to pay if your home is not sold. Don't do it. The third is an agent who agrees to give you a discounted rate before your home is sold. If the agents discount their own price you can be almost sure they are going to discount the price of your home. Be careful. If you want to negotiate the amount of the commission, do it at the time of the sale, not at the time when you hire the agent.

Fees charged by agents are negotiable, no matter what they tell you. Just stay focused on your net price. The fourth

factor is called the Bonus Fee. On the surface, it seems fair. It means you pay a "bonus" if your home sells for a higher price. Don't do it. Just pay a standard set rate AFTER you are happy with the price and the service.

Never pay any money for any reason until your home is sold for the price you want.

Mistake #17 - Presentation

Dull homes get dull prices. But a home which sparkles, and has the right feeling, always sells for a higher price.

Be careful what you spend on improvements to your home. What suits you may not suit every buyer. You rarely get back more than half the cost of your improvements when you sell. Do not spend large sums on home improvement immediately prior to selling your home.

Pay attention to the little things which create a big impression.

Your Solution

Make the atmosphere natural and relaxed, even if it means changing your living habits. Nothing turns people off more than bad smells, so be sure your home is fresh. Buyers are aware of gimmicks such as a coffee pot brewing, a cake in the oven or classical music playing softly in the background. False attempts to add appeal often have the reverse affect. Genuine appeal wins the buyers. A radio or a TV - never too loud - is a natural part of home life. Well-made beds with warm quilts, lots of pillows and the ultimate mood enhancer - the teddy bear, really make a home feel like home. Home truly is 'where the heart is' and anything which increases the emotional feeling of comfort is something we all love.

If your agent has 'qualified' the buyers, they will not be 'lookers', they will be genuine people who can afford your asking price. Their feelings will be the main reason they accept or reject your home. The word 'love' is common with home-buying. Buyers say, 'We loved that home and that's why we bought it.' So, make sure you present your home at its finest. If buyers fall in love with your home, they will pay their best price to own it.

Mistake #18 - Failing to Complain

Each year, thousands of home sellers are hurt - both financially and emotionally by unethical agents and flawed real estate systems. If you are not happy - you must complain. Even if you feel you will not be helped, your complaint will encourage the real estate authorities to introduce increased protection for consumers. It is the lack of willingness of many consumers to complain that allows agents to continue to hurt consumers. Your complaint will help. If you are hurt - either financially or emotionally - consider others who will be hurt too if you do nothing about it.

Your Solution

To complain about a real estate agent contact the Department of Fair Trading in your state. It is often useless to complain to the Real Estate Institutes as they represent agents not consumers. They do not give compensation for damage done by their members. They may tell you to take legal action. But few sellers can afford the expense. Many can't be bothered hearing the standard excuses from the real estate industry.

But, please, no matter how frustrating it may be, speak out. If you have suffered loss and you cannot obtain compensation, you can contact The Jenman Group and apply for assistance under the Jenman APPROVED Consumer Protection Fund. This fund will consider giving financial assistance to honest consumers who do not have the time, the knowledge or the resources to take action against dishonest agents.

Alternatively tell us your story.