

## Sellers: Choose the Sales Path Right for You

By Patricia Kutza

**A** ccording to the Office of Federal Housing Enterprise Oversight, the value of California property appreciated at close to 2 percent per month in 2004. That's a whopping annual average gain of 25.4

percent. No wonder some property owners, when faced with having to fork over a standard 6 percent sales commission to a broker, opt to handle the sale themselves.

However, navigating through the thicket of regulations and disclosures,

as well as a mountain of documentation, is not the only daunting task; failing to dot the i's and cross the t's also can have dire legal consequences.

Fortunately sellers have a variety of options for managing the sales process, as shown in the chart below.

SELLER OPTIONS	SELLER TASKS	BENEFITS	CONSTRAINTS
<b>Sell on their own</b>	<ul style="list-style-type: none"> <li>• Advertise property</li> <li>• Show property</li> <li>• Negotiate selling price</li> <li>• Handle all paperwork needed to close sale</li> </ul>	Avoid paying agent commission, typically 6 percent of sales price	<ul style="list-style-type: none"> <li>• Time spent showing property</li> <li>• Liability for handling correctly myriad legal details involved with the entire selling process</li> </ul>
<b>Use traditional brokerage "full-service" model</b>	Accept/reject offers	Brokerage handles all tasks: <ul style="list-style-type: none"> <li>• Advertise property</li> <li>• Show property</li> <li>• Negotiate selling price</li> <li>• Handle all paperwork needed to close sale</li> </ul>	Pay agent commission
<b>Use menu-driven brokerage</b>	<ul style="list-style-type: none"> <li>• Show property</li> <li>• Accept/reject offers</li> </ul>	<ul style="list-style-type: none"> <li>• Set fee for property sale (not a prorated commission)</li> </ul> Brokerage handles most tasks: <ul style="list-style-type: none"> <li>• Advertise property</li> <li>• Negotiate selling price</li> <li>• Handle all paperwork needed to close sale</li> </ul>	<ul style="list-style-type: none"> <li>• If Multiple Listing Service (MLS) is used, and an outside agent finds buyer, seller will pay both set fee plus commission to outside agent.</li> <li>• Time spent showing property. Brokerage also will show the property for an additional charge.</li> </ul>

### Choosing the Right Path

Given these options, how does a seller decide which approach is best? The menu-driven brokerages point out that sellers, rather than agents, are in the best position to show their property, typically their homes: They are intimately knowledgeable about all the benefits that a buyer might appreciate and savvy enough to downplay any disadvantages. Detractors say that many sellers have neither the time nor the patience to show their homes themselves.

Menu-driven, sometimes termed "discount" brokerages, advertise that they save sellers lots of cash by offering a set fee. These claims irk "full-service" real-estate brokers, such as Michael Lyon, CEO of Sacramento-based Lyon Real Estate. "I don't think you can compare full service to discount anymore. Most full-service firms


have a negotiable commission, adapting their services and fees based on need. For example, when a seller comes to us with a buyer, we adapt our fee since we don't have to advertise, network or split our fees with an outside broker."

Describing menu-driven services as "discount" rankles Ron Hatchel, broker and owner of Help-U-Sell Hatchel Realty, located in Vacaville. "A menu of options does not make a company a discount broker," Hatchel says that his company also offers "full-service," charging a set fee for a package of services plus additional fees for various optional services.

Lyon and Hartel agree that regardless of which sales path sellers choose, they can benefit from practicing smart habits to increase the likelihood of a better sale:

**1) Take time to interview multiple agents.** "The terms and conditions in our business confuse even the insiders. It is not the price of a service a customer should ask about, it is what the agents will do for them," says Lyon.

**2) Don't overprice your home.** "Because the current market is so bullish, and despite my advice, homeowners sometimes price their property outlandishly. They are then surprised or upset when their homes don't sell or take much longer to do so," Hatchel says.

**3) Don't do the process entirely by yourself.** When sellers hire a broker, says Lyon, they pay to share the pain. Sellers avoid shouldering all the potential liability issues that come with a property sale because brokers carry liability, errors and omissions and worker's compensation insurance. 



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