



6 Costly Mistakes Made When Using A Real Estate Agent

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YOU MUST NOT SELL UNTIL YOU READ THIS!

You could save at least \$15,000 to \$30,000

1. SIGNING A 90 DAY EXCLUSIVE SALES AUTHORITY - DON'T DO IT

Do you know what an **EXCLUSIVE SALES AUTHORITY** is? Boring but so, so important!

If you are thinking of selling, then this is a **MUST KNOW!** Once you sign an exclusive sales authority, you are giving **ONE** real estate company complete control of the sale of your home, for 12 weeks. And, if you are not getting the right service, responsive communication or results, this is a very long time to be tied up.

An Exclusive Sales Authority is a legal binding document which you, the owner and seller of a property sign, which gives a real estate agency complete and utter control over the sale of a home. It is a tricky and confusing document and has been written and devised by estate agents, distributed through the Real Estate Institute of Victoria. Similar agreements exist in all other States.

'It is a tricky and confusing document devised by real estate agents.'

Once you sign this document, you are tied to only one agency and you even if you find a buyer your self you still have to pay the agency commission. The terms and conditions of a Written Authority are usually in the agent's favour.

Any ethical agent will be willing and prepared to negotiate the conditions with you before you sign it. The document controls you as the vendor, how the property and buyers are managed and marketed for a set and defined period. And at Next Address, we believe this document reduces your ability to have flexibility in how to sell your home.

It is a complex document. The front page is quite easy and simple, but it is the back page where the detail and concerns arise. There is some very interesting fine print which is the problem.

The front page states that the authority you are signing is only for a specific period. In the fine print, it clearly indicates that unless you cancel in writing, the authority runs indefinitely. So what's the problem with this? You are tied to this company and any decisions you make about your home, they can still demand commission payments.

'unless you cancel in writing, the authority runs indefinitely.'

The fine print allows for the agent to request payment from you, well after the authority has past, if they can prove that the buyer came through the home, at some time during the time they controlled the sale of the home. Even if you found the buyer!

The other issue with these authorities is the high cost of the commission charged by agents. Effectively as a seller you are signing over somewhere from 1.5 to 2.5% commission based on the final sale price to the agency.

Let's imagine your property is worth \$500,000, at 2.5% this is \$12,500, if your home is worth \$750,000 at 2% commission this = \$15,000. Then there is also the advertising and marketing campaigns the agents believe you need. This is a large figure to give to an agency to effectively open the door of your home and allow people to wander through it.

So let's explore this situation a little bit more

Let's imagine you make work shirts. Would you give your work shirts to only one type of shirt shop and to one group of sales staff to sell? We don't think so. You would spread your shirt to lots of different sales shops and staff so they can all sell your shirts. And to be even more effective and to make more money, you would sell your shirts direct and cut out any middleman or third party. So why consider giving your house to a third party to sell in the first place!

The issue with signing an exclusive sales authority is your effectively handing control of the sales process to this third party, who are mainly interested in the commission they will receive when the property is sold. This is an old fashioned and archaic method of sales.

'an exclusive sales authority is handing control of your biggest asset to a third party.'

We don't need third parties anymore, we book our holidays online, we buy our sunglasses and even the luggage for this holiday online. Why do we think we still need to use a real estate agent. We don't. Check out our service, blogs, and pricing structure and use the commission you save to buy your next holiday online!

So before you sell, do your homework. Ask family, friends and colleagues about their experiences. Read our blogs, have confidence in your skills. This is your home; you know it the best.

Further blogs posts.

[How much is my house worth?](#)

[Eight Reasons agents are yesterday's hero's](#)

[Debunking the real estate myths](#)

[What is an Offer to Purchase document?](#)

[How do I show people my home myself?](#)

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