



How To Motivate Your Realtor

Do you have realtors whom you know and trust for advice? While I am a realtor, I have seen a lot of bad advice given out by some realtors. At the same time, I have seen a lot of realtors give excellent advice. Only after working with a realtor over an extended time will you be able to decide if their advice is good or misguided.

Hopefully, realtors will be willing to talk you out of a deal if it is not in your best interest. If you are working with a realtor who tries to talk you into deals that don't make sense, they will probably hurt you more than help you over time. If you find a realtor who is willing to advise you against a purchase, then this person may provide a great long term service.

A second thing to consider when working with realtors is to assess how you motivate the realtor through monetary means. Realtors are generally paid by either helping you buy a house, or helping you sell a house. They are generally paid a portion of the sales price. Because their incentives are structured this way, they are not motivated to find you a property at a huge discount, nor are they motivated to help you sell for a higher price. It is extremely important to note this fact before getting involved with realtors.

Realtors are motivated to sell you more houses, and sell more of your houses. If you make nothing, the realtor will generally receive the same commission as if you made \$50,000 for the same house. Why do I bring up this point?

There are two reasons really. The first is that you should always be aware of what it is that actually motivates what they do. Because they receive generally the same amount regardless of your profit, many realtors will do whatever they can to get you to buy and will do whatever they can to get you to sell. In other words, they will be motivated to get you to work for less profit. Many of the realtors will not be conscious of their intentions, and they will disagree with my assessment; however, I ask you to think about it logically. Why would a realtor talk you out of taking an offer for \$112,000 even if they felt you should get \$115,000? They are paid almost the exact same commission. They generally will only make an extra \$45 for telling you to hold out.

Additionally, they will probably have more than \$45 in additional advertising expenses. The longer they have the listing, the less they make and the more time they have to spend on your property.

The second reason that I point this out is that real estate commissions are entirely negotiable. You do not have to pay a realtor a set split. You can entice your realtor by offering them more money for finding you a better deal. Additionally you can offer a realtor more for selling your property at a higher price. For example: Let's say that a realtor wants to list your property for \$100,000 at 6%. If that property sold for full price, you would net \$94,000 minus the other costs. What if you told the realtor that he or she could have all the commission for anything that netted you more than \$94,000? Do you think the realtor would take this arrangement? I don't know. It depends.

Some realtors might not be allowed by their broker to work for this arrangement even though it is entirely legal. Other agents will be so confused by your question that they don't have an answer at all. Other agents will actually see this as an exiting strategy. It would be interesting to see what the same agent would want to list the property for if their incentives were changed. You AND the realtor might net more because you

align their incentives with your incentives.

Brad Zitzner is a real estate investor, coach, and realtor. Brad has bought or sold over 150 properties. His web based Property Management System “ZZZ Real Estate” helps real estate investors remove the chaos and paperwork from their real estate business. To get Brad’s FREE real Estate ebook go to www.zzzinvestors.com