

Listing Agent Due Diligence

It is imperative that you conduct due diligence on any real estate agent you are considering hiring. You simply must have an objective way to determine if the person you are getting ready to employ is honest, ethical, and competent. You cannot depend on referrals or reviews, and you certainly should not just take an agent's word for it. Fortunately, when agents engage in real estate transactions they leave clues. This report will show you how to use those clues to tell you everything you need to know about them.

This quick, easy, step-by-step procedure shows you how to conduct due diligence on a real estate agent you are considering hiring to sell your home. This procedure must be used BEFORE you settle on an agent and sign a contract.

Where do you begin? Just have the agent answer the 7 questions below. You can request they answer these questions in person, by phone or by email.

1. What is your full name?
2. What is your DRE license number? (also called a BRE license number in some states)
3. What is your company's name?
4. What is your company's city?
5. How many years have you been an agent?
6. How many homes have you sold in the last 12 months?
7. What are the addresses of the last 3 homes you sold?

Agents will happily volunteer this information to you. (If they refuse, run like hell.) That is all there is to it. It is what you do with this information that is key.

By requesting this information, you have actually done two things: you have obtained objective information you can use to evaluate their past performance AND you have also set a trap.

The one thing you really want to do is to see if a real estate agent will lie to you. Why would they lie? To make you think they are something they are not. For me, a real estate agent that lies will never get a chance to work for me, nor should they get a chance to work for you. So, let's begin.

Step 1:

The first thing you will do when they answer the questions is to do a background check on the agent using their DRE number. Their DRE number (which stands for Department of Real Estate), is a unique number every active agent must have in order to practice real estate in your state. You will want to go your state's DRE website. You can easily find this by searching (e.g., "Texas + DRE").

When you get to the DRE website, there will be a Consumer section that lets you verify a license. Go to that page, enter the DRE number and search. Here is what comes back in the State of California:

**STATE OF CALIFORNIA
BUREAU OF REAL ESTATE**

The license information shown below represents public information taken from the Bureau of Real Estate's database at the time of your inquiry. It will include license information provided includes formal administrative actions that have been taken against licensees pursuant to the Business and Professions Code. Although the business and mailing addresses of real estate licensees are included, this information is not intended to be used for advertising purposes.

License information taken from records of the Bureau of Real Estate

License Type:	BROKER
Name:
Mailing Address: PALM DESERT, CA 92260
License ID:21
Expiration Date:	11/17/15
License Status:	LICENSED
Broker License Issued:	11/18/83 (Unofficial -- taken from secondary records)
Former Name(s):
Main Office: REDONDO BEACH, CA 90277
DBA	NO CURRENT DBAS
Branches:	NO CURRENT BRANCHES
Affiliated Licensed Corporation(s): - Officer Expiration Date: 01/19/95 ses Inc OFFICER LICENSE EXPIRES AS OF 01/20/95
Salespersons:
Comment:	NO DISCIPLINARY ACTION NO OTHER PUBLIC COMMENTS

>>>> Public information request complete <<<<

Is their license active?

How long have they practiced?

Where is their office?

Have they been disciplined?

Here you can see all kinds of useful information. For instance...

- Is their license active? You want to work with an active agent.
- How long have they been doing real estate? Compare this to the answer they gave you in question 5 above. Some agents may lie to make you think they have been doing it longer than they have.
- Where is their office? Is it where they said it was from question 4 above? Some agents may lie to make you think they are "local" agents, when in fact they are from far away.
- Do they have any disciplinary actions registered against them? This could happen if there was a complaint filed against them from a previous client.

Step 2:

The second thing you will do is go to the website [Redfin](#). Today, Redfin is, hands down, the best website for doing objective research, especially on agents. To get the information you want, you will have to register at Redfin, but do not worry, it is free and only takes a minute.

After you log onto Redfin, simply enter the address, of one of the properties that the agent submitted in question 7 above, into the search box a click Enter. When the information for that property appears, scroll down a little way until you come to the section that says "Listing provided courtesy of."

Property Type	Residential, Single Family	Style	One Level
Community	West Torrance	County	Los Angeles
MLS#	OC14083940		

Listing provided courtesy of		Source	
Chris Shepard, Summer Creek Homes DRE #01333228		CRMLS	
Buyer's Agent			
Salim Patel, The Real Estate Group DRE #01241927			
Redfin last checked: 60 minutes ago		Last updated: 1 month ago	Redfin has the best data. Why?

Is this the agent?

Did the agent really sell that home, or did some other agent? Make sure they really sold the homes they claimed they did.

Now, scroll down a little more to the section that says "Property History Records."

Records For completeness, Redfin often displays two records for one sale: the MLS record and the public record. [Learn More.](#)

Date	Event	Price	Appreciation	Source
Mar 10, 2014	Sold (MLS) (Closed)	\$696,000	—	CRMLS #PW13171857
Mar 07, 2014	Sold (Public Records)	\$696,000	3.4%/yr	Public Records
Feb 05, 2014	Pending	—	—	CRMLS #PW13171857
Dec 28, 2013	Relisted (Active)	—	—	CRMLS #PW13171857
Dec 22, 2013	Pending	—	—	CRMLS #PW13171857
Nov 04, 2013	Price Changed	\$714,000	—	CRMLS #PW13171857
Oct 15, 2013	Price Changed	\$715,000	—	CRMLS #PW13171857
Oct 14, 2013	Price Changed	\$722,000	—	CRMLS #PW13171857
Oct 01, 2013	Price Changed	\$729,000	—	CRMLS #PW13171857
Sep 26, 2013	Price Changed	\$739,000	—	CRMLS #PW13171857
Sep 23, 2013	Relisted (Active)	—	—	CRMLS #PW13171857
Sep 21, 2013	Pending (Backup Offers Accepted)	—	—	CRMLS #PW13171857
Aug 24, 2013	Listed (Active)	\$749,990	—	CRMLS #PW13171857
May 28, 2013	Sold (Public Records) <small>This home was sold at a foreclosure auction.</small>	\$596,182	—	Public Records
Apr 01, 2004	Sold (Public Records)	\$500,000	—	Public Records

What does the transaction look like?

Does the date make sense?

The first question you want to ask yourself in this section is, does the closing date make sense? In question 6 above, you asked the agent how many homes they sold in the last 12 months.

Suppose they responded with the number 12. If that is the case, and they sold 12 homes in the last 12 months, you would expect to see one home sold, on average, every month or so. If this is their most recent home sold, you would expect the closing date to be within the last month or two. If the closing date is from 9 months ago or 12 months ago, then you know there is no way they sold 12 homes in the last 12 months. Once again you would have caught them in a lie trying to convince you they were more productive than they actually were.

Next you want to look at the overall transaction. Was it a quick sale for more than the asking price, or did it take months and months with many price reductions? As you can see from above, starting at the bottom, the home was first listed for \$749,990 on Aug 24, 2013. Then, after 6 price reductions and almost 7 months, the home finally sold on Mar 7, 2014. You have to ask yourself, is this the kind of real estate agent you want representing you? One that takes 7 months and \$50,000 in price reductions to sell your home? (NOTE: this is not a transaction of the agent shown above.)

Finally, scroll back up to the top. Click through the photos of the home and read the home's description. Are the photos enticing and beautiful? Do they make you want to see the home? How is the description? Does it make you want to see the home? This is the kind of presentation you can expect when you hire this agent. If it gets you excited about the home, they maybe a good agent. If not, maybe you want to look elsewhere. Repeat step 2 for all three addresses.

Step 3:

For all the agents who have made it through the first two steps, the last step is to ask them a series of interview questions. You can find a list of 30 listing agent interview questions at ReaListing.com/resources.

Should you ask *all* of the questions? Probably not. Ultimately you should only ask those questions you feel are necessary to make you feel good about your choice of agent. Five to six questions should be sufficient, but if you feel the need to ask more, by all means do so. The choice of real estate agent is a multi-thousand dollar decision and you should not feel as though you are offending the agent by asking a list of questions. Any agent that is insulted or put off by answering questions about their services should certainly not get the opportunity to list your home. After all, it is a job interview.

There you have it. A simple, three-step approach to conducting due diligence on a real estate agent. Do not be afraid to ask these question before choosing a listing agent. You will be glad you did.

Here is to intelligent home selling.