Name:_____ Date:_____ Period:_____

LISTING DAY

You are the listing agent. Price it right and you get paid. Chapter 8 · Purchase a Home

YOUR LISTING — copy it off the screen. Somebody else in this room has the same one. You will find them at the end.

Address: _____ City: _____

Heated square feet: _____ sq ft Converted garage: _____ ft × _____ ft

STEP 1 What the neighbors actually sold for

Three houses nearby already sold. Price per square foot is what an agent really prices from — but one of these three is not a usable comp.

WORKED EXAMPLE — nobody is dealt this listing: 2200 Sweetwater Rd, Bonita · 1,500 sq ft · converted garage 20 ft × 20 ft

Comp 1: 1,400 sq ft sold for $560,000 → $560,000 ÷ 1,400 = $400 per sq ft KEEP

Comp 2: 1,450 sq ft sold for $507,500 → $350 per sq ft FLAGGED: bank-owned foreclosure → THROW IT OUT

Comp 3: 1,600 sq ft sold for $672,000 → $420 per sq ft KEEP

Average the two you kept: ($400 + $420) ÷ 2 = $410 per sq ft

Base value: $410 × 1,500 sq ft = **$615,000**

A comp gets thrown out if it is a foreclosure, a sale to family, in a different school district, or more than a year old. Those are not what a normal buyer would pay.

Comp	Square feet	Sold for	$ per sq ft	Keep it or throw it out?
1				
2				
3				

Average the comps you KEPT → your price per square foot	$ _____

STEP 2 The converted garage

Somebody turned the garage into a room without a permit. It is real space and buyers will use it, but an appraiser will not count it the same. Unpermitted space is worth half the rate.

Garage area = length × width	_____ sq ft
Half rate = your price per sq ft ÷ 2	$ _____
What the garage adds = garage area × half rate	$ _____
Base value = your price per sq ft × your heated square feet	$ _____

YOUR LIST PRICE = base value + what the garage adds	$ _____

Write it on the board under your address before you turn the page. No changing it after.

STEP 3 Who can actually buy it

A list price nobody in the market can finance is not a price. Run your own number through the bank the same way you did in 8.3 and 8.4.

EVERY BUYER IN THIS ROOM: 20% down · 6.5% for 30 years · property tax and insurance together run 1.4% of the price per year

M = P (r ÷ 12)(1 + r ÷ 12) ^360 ÷ [(1 + r ÷ 12) ^360 − 1] P is the LOAN. r = 0.065.

On the example listing: loan $557,600 → M = $3,524.41 plus taxes and insurance $813.17 → PITI $4,337.58

Loan = your list price × 0.80	$ _____
Monthly payment M (use the formula above)	$ _____
Taxes and insurance per month = list price × 0.014 ÷ 12	$ _____
PITI = M + taxes and insurance	$ _____

Three buyers want it. Front end = PITI ÷ monthly gross, and it has to come in under 28%. Back end = (PITI + other debts) ÷ monthly gross, under 36%. Both have to pass. Exactly one of these three makes it.

Buyer	Monthly gross	Other debts	Front %	Back %	In or out?

STEP 4 Close it and get paid

Your buyer offers a percentage of your list price — it is on the screen with your listing. Nobody writes an offer with loose change on the end, so round it to the nearest hundred dollars. The total commission on any sale is 5%. The listing side and the buyer side split it down the middle, and your broker keeps 30% of your side.

Sale price = your list price × the offer %, rounded to the nearest $100	$ _____
Total commission = sale price × 0.05	$ _____
Your side = half of that	$ _____
Broker keeps 30%, so you keep 70% → YOUR CHECK = your side × 0.70	$ _____

CHECK YOURSELF — your commission is one of these sixteen. Find it before you post it.

$ 7,551.25	$ 11,056.50	$ 13,613.25	$ 15,888.25
$ 8,211.00	$ 11,777.50	$ 13,685.00	$ 18,114.25
$ 9,331.00	$ 12,600.00	$ 14,381.50	$ 18,537.75
$ 9,555.00	$ 13,042.75	$ 14,703.50	$ 27,203.75

Not there? Nine times out of ten you averaged all three comps instead of throwing the flagged one out. Go back to Step 1.

FIND YOUR TWIN — somebody else in this room was dealt your exact address.

Their name: _____ Their check: $ _____ Do they match? YES / NO

1. One of your three buyers passed the front end and still got turned down. Name them, and work out exactly how much debt they would have to pay off to get to 36%.

Buyer: _____ Debt they have to clear: $ _____

2. Your seller wants to list $50,000 above your number. Use one of your comps — by name and by price per square foot — to tell them why that is a bad idea.

_____

_____

Last line. You got paid on the sale price, not on what the house is worth. Name one thing an agent could do that raises their own check but is bad for the person who hired them.