

National Association of Realtors Outlaws the Practice of Having Pocket Listings

During its annual convention earlier this month, the National Association of Realtors (NAR) voted to ban the practice of pocket listings. Pocket listings are listings which are withheld from the MLS, thereby denying other Realtors (and non-Realtor agents) from showing and selling the listings. The rule goes into effect on January 1, 2020, but NAR is giving MLSs until May 1st to fully implement it.

Regular readers of this column know that I have long decried the practice of selling listings without putting them on the MLS. Doing so increases the chances of the listing agent "double-ending" the sale, resulting in twice the commission, but it also runs the risk of netting less money for the seller, thereby violating the ethical and legal requirement that listing agents work in the best interest of their sellers instead of themselves.

Perhaps you saw me quoted on page 10A of last Thursday's Denver Post as welcoming this new rule. As I stated to reporter Aldo Svaldi, the only way to guarantee the highest price for our sellers is to expose their listings to the full market of potential buyers. When the listing agent convinces a seller to accept an offer before their home is put on the MLS, there is no way of knowing how much money the seller will "leave on the table."

The purpose of an MLS is to

REAL ESTATE TODAY



By JIM SMITH, Realtor®

provide "cooperation and compensation." Members of an MLS must allow any other member of the MLS to sell their listing and makes it known how they'll be compensated — in our market, typically 2.8% of the sale price.

The new policy, called "clear cooperation," is spelled out in the following motion passed by a 91% to 9% vote of the NAR board of directors:

"Within one business day of marketing a property to the public, the listing broker must submit the listing to the MLS for cooperation with other MLS participants. Public marketing includes, but is not limited to, flyers displayed in windows, yard signs, digital marketing on public-facing websites, brokerage website displays, digital communications marketing (email blasts), multi-brokerage listing sharing networks, and applications available to the general public."

I can provide an example from my own practice. In November 2018 I listed a home for \$1.1 million. Even before I put it on the MLS, a close friend of the seller said he would pay full price. My advice in such a situation is to consider such an offer "the opening bid" and to proceed with exposing the home to other buyers by putting it on the MLS.

Five days after putting the home on the MLS, bidding had driven up the price significantly and it sold (to the same friend) for \$75,000

above full price. The seller was delighted, and so was the buyer.

I could easily have saved myself the chore and expense of marketing the home and managing competing offers, but I would have been violating my duty to the seller and, it turns out, cost my seller a lot of money. I particularly like that the seller netted the full listing price, even after deducting commissions and the other costs of selling!

It will be interesting to see how this rule is implemented by MLSs and how effective it will be. One work-around we can expect is that listings will go on the MLS with the notation that "showings begin on such-and-such a (later) date."

One of our broker associates, Chuck Brown, attended the NAR convention, including a panel of the titans of real estate — from Realogy, RE/MAX International, Zillow, Opendoor, Berkshire Hathaway Home Services, and others — and they, unlike the board of directors, were mostly against the new policy on pocket listings. Zillow and Opendoor in particular, say they'll continue to list proper-

ties as coming soon.

Clearly the new rule will restrict but probably not eliminate the practice. REcolorado's Rules & Regulations Committee, on which I have served for over a decade, will discuss it on Dec. 10th.

My TV Recommendations

As a follow-up to last week's item about our "Post-Factual Era" coming to an end, I have two cable viewing recommendations for readers wanting to understand current political events.

1) **Fox News Sunday with Chris Wallace.** Although CNN is my weekday viewing choice, I record this show for viewing on Sunday. I'm impressed with Chris's fair questioning of guests from both parties and his choice of panelists for political discussions.

2) **Reliable Sources.** This Sunday morning program on CNN is all about the media and is *essential* viewing in this era of "fake news" claims from both sides of the political divide. I recommend subscribing to their daily email at www.ReliableSources.com

Price Reduced on Home in Golden's Foothills



You won't believe the mountain and city views (all the way to DIA) from this beautiful log home in a gated community, nestled on 35 acres just 14 miles from downtown Golden, with easy access to Denver, Boulder and Eldora Ski Resort. (You can be on the slopes in 30 minutes!) Now priced at \$899,000, this peaceful, *furnished* retreat is one of a kind. Complete with a plow truck and camper for extra

guests or rental, all you need to do is move in! Buyers who offer full price and close before the end of the year will receive a free 1-year home warranty. There will be no open houses. Schedule a showing with your agent or call **Kristi Brunel** at 303-525-2520 or **Carol Milan** at 720-982-4941 for an exclusive private showing. You can find more pictures and view a drone video tour of this listing at www.FoothillsHome.info.

Here's an Affordable Fixer-Upper in Golden!



This townhome is a great opportunity to do a fix-and-flip, or a great home for the handyman. There is a newer furnace, nice bay window, new roof and French doors leading out to a fenced in yard. The home needs work, however, and is priced well below market value for quick sale. This must be a cash sale and close on or before December 6th. *It is sold as is.* Seller will require a post-closing occupancy agreement through January 9, 2020, at no charge. There is also a carport. This location is great for shopping and access to I-70. Showings begin on Nov. 20th. Call listing agent **David Dlugasch** at 303-908-4835 for more information on this opportunity, or visit www.ApplewoodHome.info. There is no open house.



Celebrating Over 12 Years' Service at 17695 S. Golden Road, Golden 80401
Like us on Facebook and Instagram.
See our listings at www.GREListings.com

Jim Smith

Broker/Owner, 303-525-1851
Jim@GoldenRealEstate.com
Broker Associates:

- JIM SWANSON — 303-929-2727
- CARRIE LOVINGIER — 303-907-1278
- KRISTI BRUNEL — 303-525-2520
- CHUCK BROWN — 303-885-7855
- DAVID DLUGASCH — 303-908-4835
- ANDREW LESKO — 720-710-1000
- CAROL MILAN — 720-982-4941

