

Greetings from Ghana #10

Real Estate, the Ghanaian version of a Cluster Pile

To my friends who are not American or familiar with our litigious society, some people believe in suing for monetary gain. Years ago there was a story about a city transit bus in New York City that had an accident. When the incident occurred there were 13 passengers. By the time the police and ambulances arrived there were twenty seven.

In the U.S. the different real estate associations utilize MLS lockboxes – electronic devices that hold the property keys. If you are a subscriber to the association you have an electronic key. You point it at the box and you are given the contents and the ability to access the listing. To set up a tour of properties you contact the agent or owner(s) and make appointments to see the listings then armed with your key you set off to see what you can find.

They do not have real estate Multiple Listing Services (MLS) here and they do not have lockboxes. They also have very little trust of each other in the industry. So while a property owner is willing to list his house, he will not release the keys to his agent. And that is also due to having more than one agent. In the U.S. there are two types of listings; “Exclusive Agency” and “Exclusive Right.” With the first one the property owner is saying that he will pay whomever brings a buyer and no one is his agent. With the second the agent who lists the property has a claim on a portion of the commission.

In 16 years I do not recall ever listing a property as Exclusive Agency. Here, no one has Exclusive Right listings. So there are no lockboxes, no central place to research listings, and no exclusive listings. And it is into this reality that I stepped for the first time recently.

I have a client who wishes to buy a four bedroom house in a specific area of Accra. First I had to contact people who are advertising homes. There are no addresses, only general areas as to where the house is. This is because agents believe if they tell you where the house is someone will try to steal their client. So a call is made to the agent to set the appointment. The agent then has to contact the owner – that is, unless the agent has copied a listing of someone else and is just promoting it – in which case the agent has to contact the other agent (who hopefully has not copied it as well) to contact the owner. Eventually the property owner is notified and the appointment is set.

If all that sounds a bit complicated, try imaging someone like me who believes in seeing the property first to make sure it is what the client would want – setting up a tour for previewing and then a later tour for the client. I saw five properties, did not hear back from two agents, and ended up scheduling three showings for the client for the following day.

People here see real estate transactions as a cash cow. It is a pervasive belief to the point that anyone involved, no matter how small of an input they might have, believes that they should be compensated for their part. So the person who heard about the property from a friend . . .

and told the person who told you about it. . . wants a fee. . . as does the person who told you. . . as does the agent and the original agent as well, even though there is no agent of record. So having paid the first two people who eventually guided you to the real estate agent and then working with that agent to set the appointment with the other agent who will set it with the owner – who may have to get a hold of someone he gave the keys to who may also show up with a hand out. . .

As I said, cluster pile. (And this is to set the appointment).

Arriving at the property with the client on a tour that has been scheduled is a leap of faith. You are betting that the other parties involved are not functioning on Africa Time. In my case I had made a strong enough impression that the other folks involved were there on time but only after calling me to make sure that I would be there on time. And at each property I was met by the agent I had been talking with and the agent that they had learned about it from as well as the owner. The reason for the congregation is simple, each person wants to make certain their commission is secure.

Rather than a commission structure where it is split between the listing agency and the buyer's agency, here if there are two agents involved who got you there, each is expecting a third of the pie. And if there are three agents involved on the "listing side" each will expect 25% as theirs. That is entirely possible. And in that situation I would make 25% of the commission minus the percentage I pay the brokerage I work with. I can envision being able to go broke on a transaction.

With real estate being unregulated here the participants in a transaction have no idea whose job is to do what. No one has ever set that up and there are no standards. I had to stop my client from trying to negotiate in front of me with people who had no authority to negotiate. She had no idea that that was part of what I am supposed to do. I can appreciate her situation though. She is standing in front of a house and being told by the other agent that the owner wanted \$450,000 but is willing to take \$380,000 and maybe will go as low as \$350,000. Now how much can she afford and is it cash or the inconvenient process of having a mortgage and a lender involved?

I was told by one agent that he did not like selling to clients who had a mortgage involved because that meant that someone would be checking to see if there was clear title to the property and the land and that that would really limit the number of properties that could be sold. He said (in essence) it is always easier to just sell something where no one is checking to see if it is really legal to sell it.

To give you an idea of what can happen in that situation, go to my YouTube Channel – [docreiss.ghana](#) – and hear the story of the family who lost it all by not checking.

My client is only moderately interested in one of the houses we saw so next week the process repeats itself. On the plus side, I have met several people who are committed to being

honest and ethical and having things work right. And I plan to work with them whenever possible as I begin to build my network.

Well, I hope I haven't bored you with my rattlings. I have started my real estate career and stepped into it. Now to work for my client's best interest and keep "it" from hitting the fan.