



Empower **YOU**

MAINSTREET
ORGANIZATION OF REALTORS®

THE **BIG**
ReThink
REDUX



Updates on the DOJ - Lawsuits and Changes

2020 NAR-DOJ Agreement Regarding MLS Rules

In November 2020, the DOJ filed a lawsuit against the National Association of REALTORS® relative to the disclosure of compensation and cooperation to the buyers. This is in addition to the class-action suit just mentioned.

DOJ Settlement Included Four Items:

1. Buyer brokerage compensation must be made publicly available
2. Agents must provide consumers with information on all properties regardless of compensation
3. Buyer agents cannot represent their services as free
4. Cannot limit lockbox access to only MLS members – with sellers permission we must allow non-REALTOR®, non-MLS members access

17 **The following shall constitute an agreement concerning compensation between Listing Brokerage and Cooperating**
18 **Brokerage regarding the sale, lease, or option to purchase of Real Estate.**

- 19 1. This Agreement is conditioned upon receipt by Listing Brokerage of compensation pursuant to a certain Listing
20 Agreement between the Listing Brokerage and the Seller/Landlord pertaining to the Real Estate and upon also
21 Cooperating Brokerage being the procuring cause of the sale or lease.
- 22 2. The compensation offered herein is as follows: _____.
- 23 3. This Agreement shall apply only to the Real Estate and Purchaser/Lessee stipulated herein and shall expire _____
24 days (if blank, 60 days) after the date below. In the event there is a pending sale, expiration of this Agreement shall
25 be extended through the date of closing of such sale, lease, or option to purchase between the Purchaser/Lessee and
26 the owner of the Real Estate, the expiration of this Agreement shall be extended through the date of closing of such
27 sale, lease, or option to purchase, or the date the transaction fails to close according to its terms.
- 28 4. THIS AGREEMENT SHALL BE VALID ONLY IF SIGNED BY THE DESIGNATED MANAGING BROKERS OF
29 BOTH THE LISTING BROKERAGE AND THE COOPERATING BROKERAGE.
- 30 5. No amendments or alterations in the terms of this Agreement shall be valid or binding unless made in writing and
31 signed by the parties hereto.
- 32 6. The individuals signing below are authorized to sign this agreement and bind their respective brokerage companies.
- 33 7. Any controversy or claim arising out of or relating to the rights granted to the parties to this Cooperating
34 Compensation Agreement shall be settled by mediation or arbitration according to the rules then in effect of the
35 National Association of REALTORS®, whether or not the parties are members of any REALTOR® Organization.

36 Acknowledged and agreed this _____ day of _____, 20____:

37 **LISTING BROKERAGE:**

COOPERATING BROKERAGE:

38 _____
39 Designated Managing Broker Authorized Signature [REQUIRED]

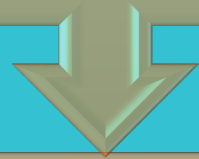
Designated Managing Broker Authorized Signature [REQUIRED]

What are the other issues the DOJ is looking into?

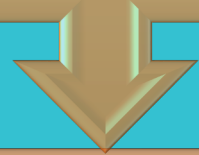
Participation Rule –
requirement to put offer of
buyer brokerage
compensation in MLS

Clear Cooperation Policy
– requires listings to be
put in MLS in one
business day after going
public or 24 hours
depending on your MLS

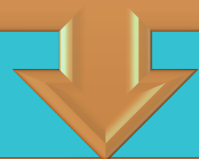
July 2021 – DOJ withdrew from settlement



NAR file motion to require them to abide by original agreement



January 2023 – court ruled DOJ had to abide



March 2023 – DOJ filed appeal



Changes to MLS Rules and Code for 2022

The following changes were made to the MLS rules and Code of Ethics which will become effective in 2022 and follow the mandates made in the original settlement.



Display of offer of compensation – 8.8

- MLS's must include offer of compensation in the data feeds sent to participants
- Must allow brokerages – at their discretion – to share offers of compensation on their websites
- Must be accompanied by disclaimer stating that the offer is made only to participants of the MLS where the listing is filed.



SOP 12-1

REALTORS® must not represent that their brokerage services to a client or customer are free or available at no cost to their clients, unless the REALTOR® will receive no financial compensation from any source for those services.



Sitzer | Burnett plaintiffs' attorneys in talks with Department of Justice

Disrupting the National Association of Realtors' use of multiple listing services as a 'vehicle for higher commissions' is at the center of talks, lawyer Michael Ketchmark told Inman exclusively

- The DOJ begins to weigh in on the lawsuits.
- Has since filed amicus briefs in almost all the suits

The DOJ intervenes in Nosalek buyer-broker commission lawsuit

The Department wants to further examine MLS PIN's settlement agreement

DOJ – PIN – Nosalek Settlement

- On October 5 – DOJ asked judge to withhold final approval of settlement for two months
- PIN will allow ‘0’ as compensation – but compensation will still be required
- DOJ stated “MLS PIN would continue to organize and facilitate brokers’ blanket, unilateral offers of compensation”
- DOJ believes this creates a system that rewards all buyer brokers similarly, despite their skills, effort or abilities.
- Rules still ‘may’ curtail price competition among buyer brokers by sellers’ brokers continuing to control what buyers pay their brokers.

“Bombshell Lawsuits”

Alleging Antitrust

Challenging Participation Rule



- MOEHRL versus NAR, Realogy, Keller Williams, RE/MAX, Home Services and 20 MLSs; Filed in 2019; Class Action granted 3/20/23; **Jury trial early 2024 in Illinois**

SITZER/BURNETT versus NAR, Realogy, Keller Williams, Home Services, 4 Missouri MLSs; Filed in 2020; Granted Class Action 4/22/2022

Trial: 10/16/23 – 10/31/23

Moehrl and Sitzer/Burnett Update

- 9/5/2023 Anywhere filed Notice of Settlement: \$83.5M and change in business practices
- 9/18/2023 RE/MAX settlement: \$55M + Change in business practices
- No admission of guilt...limiting risk of continued litigation
- All Subject to Court Approval



Settlement Business Practice Changes Released 10/5/23

ANYWHERE

- Prohibits agents from claiming services free
- Clear disclosures to clients that commissions are negotiable
- No tech to sort/eliminate by compensation
- No longer requires NAR membership or adherence to Code of Ethics

RE/MAX

- Professional obligation to show & market regardless of compensation offer
- Compensation Transparency w/Buyers and Sellers
- No software to filter by compensation
- No longer required: NAR membership, Code of Ethics and MLS policies adherence
- 3 officers to participate as witnesses for plaintiffs

Nov 20, 2023 Preliminary approval granted; Final expected mid 2024

Burnett Jury Trial

October 16-October 31

Plaintiff verbiage:



- Conspiracy existed among defendants to follow NAR rules designed to inflate or stabilize commissions
- Trade Associations are walking conspiracies
- 2015-2022 98% buyer compensation 2.5-3%: Clear indication of alleged price stabilization
- Text from policy manuals, training materials
- 72% buyers find their home on the internet

Burnett Verdict: October 31, 2023

- Defendants to pay \$1.78B plus treble damages= \$5.4B
- Conspiracy existed with the purpose of raising and stabilizing compensation
- Corporations knowingly and voluntarily joined the conspiracy
- Caused plaintiffs to pay more
- Final Judgment: won't be filed till April/May 2024
- NAR Appeal...after Judgment



“Copycat” Anti-trust Lawsuits




11/22/23 7 Sellers vs NAR,
Home Services, KW, RX, Engel
& Volkas, Christie's International,
Sothebys.... Georgia Home
sellers 11/22/19+

- 10/31/23 Gibson vs NAR and 7 new Brokerages; filed in Missouri
- 11/2/23 Baton2 vs brokerages in Gibson
 - Home Buyers - filed in Illinois
- 11/6/23 Burton vs NAR, Keller Williams
 - South Carolina
- 11/8/23 March vs REBNY, 26 brokerages
 - New York
- 11/13/23 QJ Team vs TX Associations, 20 teams, brokerages, individual
 - Texas

Batton 1 – was filed in New Jersey – homebuyers – was Leeder case – dismissed and refiled as Batton

Batton 2 – THIS

BY [ANDREA V. BRAMBILA](#)

November 08, 2023 

Mother of all commission suits filed in Illinois, this time by homebuyers

'Batton 2,' exponentially larger in scope than Sitzer | Burnett and the Moehrl commission suits, was filed last week in Illinois and takes aim at many of the defendants in another suit called Gibson

“Defendants’ unlawful, anticompetitive conduct causes America’s home buyers to pay inflated commissions for broker services they misrepresent as free, to pay inflated prices for the homes they purchase, and to receive reduced quality broker services,” the [complaint](#) states, adding later: “Plaintiffs and the other Class members have each incurred at least thousands of dollars in overcharges as a result of Defendants’ conspiracy.”

Sitzer/Burnett: Long Legal Process (before Appeal filed)

- Post Trial Motions: By 1/8/24
- Plaintiffs' Response: By 2/28/24
- Defendants' Counter: By 3/18/24
- 30 Day Wait period for Judge Bough
- Final Judgment: April/May 2024

Expected Motions:

- Overturn Verdict
- Ask for New Trial

NAR Grounds for Appeal:



- Per Se versus Rule of Reason
- Evidence not allowed
- Evidence entered prejudiced jurists
- Etc.

Some MLSs Have Removed the Mandatory Requirement of Offering Buyer Brokerage Compensation or Redefined the offer to include 0%

- Northwest MLS - Seattle Area – 30,000 members since 2019
- PIN MLS – Massachusetts Area – 40,000 members
- Bright MLS – Mid-Atlantic Area – 95,000 members
- MRED MLS – Chicago/Illinois – 47,000 members
- Rhode Island – 7,000 members
- REBNY – New York – 15,000 members

REBNY 'DECOUPLES' COMMISSIONS AS PART OF FOCUS ON TRANSPARENCY




By Jesse Williams  October 20, 2023  

The Burnett case targeting buyer agent commissions hasn't even wrapped up its first week of trial in Kansas City yet, but some people haven't waited for the outcome to proactively make changes to so-called "cooperative compensation"—changes that are starting to seem inevitable.

The Real Estate Board of New York (REBNY), which oversees agents in the New York City area as a separate governing body from the National Association of REALTORS® (NAR), announced last week that it would begin decoupling commissions on Jan. 1 as part of a regular annual update to its policies, meaning seller agents will no longer compensate buyer agents.

REBNY's version of the MLS, which it calls the Residential Listing Service, or RLS, "believes that 'decoupling' the buy-side compensation represents the future of how residential real estate is transacted, and expect other listing services to follow this lead," REBNY also wrote on its website.

For agents and brokers working in New York City, the new model will involve either the seller paying the buyer agent directly, or the buyer paying their own agent. The RLS will continue to allow offers of buyer compensation, with the express direction that the offer "originates" with the seller.



**We are where we are,
however we got here. What
matters is where we go next.**

Isaac Marion



DOES NOT IMPACT OUR MESSAGING

WHY REAL ESTATE AGENTS ARE IMPORTANT



REALTORS® as Champions

REALTORS® are everyday working Americans who are experts at helping consumers navigate the complexities of home purchases and advocates for fair housing and wealth building for all.

Build Wealth

REALTORS® help people achieve homeownership, the best and most accessible way for American families to build generational wealth.

Lead as Entrepreneurs

Most REALTORS® are small business owners – 65% of whom are women – who exemplify the entrepreneurial spirit of this country.

Protect Consumers

Every REALTOR® is bound by a strict code of ethics that includes providing clients with all relevant information, such as about commissions.

Support Communities

As engaged neighbors, REALTORS® are committed to enhancing the communities they serve through significant philanthropy work and by advocating for fair housing for all.

Advise as Experts & Stewards

REALTORS® help people navigate financial, legal and community aspects of selling or buying a home in what are the most complex and consequential transactions most will ever make.

Contribute to Local Economy

Every home sale generates more than \$100,000 in local economic activity, and every two home sales support one American job.

THE ESSENTIAL REAL ESTATE AGENT

Buying a home is the largest and most complex transaction most people will make in their lifetime, with volumes of property, neighborhood, transaction, legal and regulatory details to navigate. Having an expert, local professional manage the process is more important than ever.

NAVIGATING THE BUYING PROCESS

Real estate agents wear many hats...



Community

- Know local, county and state property taxes
- Decipher public property information
- Advise on price trends, schools and neighborhoods



Financial

- Coordinate with lenders
- Research mortgage rates and terms
- Schedule appraisals and inspections



Legal

- Manage attorney reviews
- Navigate all required state and federal forms
- Handle closing documents

HOME BUYERS' SATISFACTION WITH REAL ESTATE AGENTS



Data according to National Association of REALTORS® 2019, 2020 and 2021 Profile of Home Buyers and Sellers Reports

AN EXPERT RESOURCE



91% of home buyers consider their real estate agent to be a useful source of information.



85% of first-time home buyers say their real estate agent helped them understand the home buying process.

REAL ESTATE AGENT TO-DO LIST

- Educate clients about transaction process
- Search broadest database of available homes
- Research information about properties
- Arrange tours of homes
- Navigate home inspections
- Negotiate best possible price

YOUR ADVOCATE

Expert real estate agents save home buyers time and help take stress out of the process. In fact, **90%** of home buyers say they would engage their real estate agent again or recommend them to others.



REALTORS® are members of the National Association of REALTORS®

WHY HIRE AN AGENT WHO IS A REALTOR®?

As experts of all things related to home buying and selling, real estate agents who are REALTORS® help consumers navigate the most complex and consequential transaction many of us will ever make.



BUYERS:

Roughly 9 in 10 buyers work with a real estate agent who helps negotiate the best price & terms.



SELLERS:

Without a REALTOR®, For Sale By Owner homes sell for about 26% less than agented properties.*

WHEN YOU USE A REAL ESTATE AGENT:

They help you with things like...

- Navigate legal details including managing attorney reviews, filing required state and federal forms, and knowing contracts inside and out.
- Understand financial complexities such as mortgage rates and terms, appraisals and inspections, and coordination with lenders.
- Uncover community elements like property taxes, public property information, price trends and neighborhood details.

WHEN YOU DON'T USE A REAL ESTATE AGENT:

You have to do things like...

- Make sense of all the legal aspects of buying or selling a home.
- Become a financial expert and learn local tax codes & policies.
- Coordinate inspections and appraisals without training or knowing the best people.
- Learn local negotiating trends and market.
- Write your offer to outshine all buyers. As seller, evaluate all details of each offer beyond just price.
- Negotiate with seller, buyer and/or agent.
- Accept your home likely will sell for less.

*NAR 2022 Profile of Home Buyers and Sellers report

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3 WAYS TO MAXIMIZE THE VALUE OF YOUR REAL ESTATE AGENT

1. USE THEIR EXPERT KNOWLEDGE ON THE HOME BUYING PROCESS

Real estate agents have access to the largest database of available homes in the U.S. via local broker marketplaces. They are expert, local brokers helping consumers navigate what is for many the most complex and important transaction they'll ever do.

While **97%** do research about a home online, 9 in 10 people still chose to work with a real estate agent.*

91% of home buyers consider their real estate agent to be a useful source of information.**

Top 3 Services Buyers Want Most From Real Estate Agents



Help **finding the right home** to purchase



Help with **terms of sale** and **price negotiations**



Help with **paperwork** (contracts, forms, etc.)

2. CHOOSE THE SERVICE, COMPENSATION MODEL AND REAL ESTATE AGENT THAT BEST FIT YOUR NEEDS



Full-Service Model

Commissions are negotiable at any point during the home buying process



Flat Fee Model

Negotiate a set price per service



Reduced Service/ Discounted Fee Models

Flexible offerings and pricing

🔍 DID YOU KNOW?

90%

of homebuyers would recommend their agent, but if you're part of the remaining 10%, there are more than **1.5 million REALTORS®** in the U.S. to choose from.

3. LET THEM DO ALL THE HARD WORK AND TAKE THE STRESS OUT OF YOUR HOME SEARCH



87% of Americans purchase their home through a real estate agent or broker.

Regardless of how you find a property, real estate agents are there to show and research every home that fits your needs.



Real estate agents also navigate:



Community knowledge such as local property taxes and providing objective resources on schools and neighborhoods.



Financial aspects like coordinating with lenders and researching mortgage rates.



Legal matters like helping buyers manage required state and federal forms and closing documents.

*NAR 2020 and 2021 Profile of Home Buyers and Sellers Report
**2019 NAR Home Buyers/Sellers Survey

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SELLING A HOME IS EASY!*

*If You Work with a Real Estate Agent Who is a REALTOR®

SOME PEOPLE THINK SELLING A HOME IS AS SIMPLE AS:

- Put a sign in your yard
- Let other real estate agents know
- Patiently wait

BUT THERE'S SO MUCH MORE TO IT.

Some of the things a real estate agent who is a REALTOR® helps you with include:

PRE-LISTING

- Research sales activity for past 18 months from local broker marketplaces and public records databases.
- Guide on best market pricing position based on current market.
- Perform exterior curb appeal assessment.
- Address important topics such as odors, clutter, cleanliness, décor neutralization and

LISTING

- Create detailed list of property amenities.
- Develop and execute marketing plan.
- Coordinate showings with seller and other agents.
- Pull data to compare offers.
- Create plan for pricing strategies accounting for local market conditions.
- Promptly enter price changes on local broker marketplace listing database.
- Prepare contract for buyer.
- Communicate with activity, showing: compete and market.
- Follow up with ease and agent with time and kindness.
- Have a strong market reputation where to show your home.
- Continue to audit make sure it's market.
- Negotiate all offers.

BUYING A HOME IS EASY!*

*If You Work with a Real Estate Agent Who is a REALTOR®

SOME PEOPLE THINK BUYING A HOME IS AS SIMPLE AS:

- Look at houses online
- Find something you can afford
- Sign some papers

BUT THERE'S SO MUCH MORE TO IT.

Some of the things a real estate agent who is a REALTOR® helps you with include:

GETTING STARTED

- Educate client on home buying process and coordinate a plan.
- Review buyer rep agreement, agree upon representation and negotiate compensation.
- Understand budget and explain what will be needed financially.
- Search local broker marketplaces to find best matches.
- Serve as local housing market expert (e.g., price trends, negotiation trends, community).
- Arrange tours of homes and neighborhoods.
- Decipher public property and tax information.



179 WAYS

**AGENTS WHO ARE REALTORS®
ARE WORTH EVERY PENNY OF
THEIR COMPENSATION.**

Here's a look at all the things — big and small — that an agent who is a REALTOR® may do to help clients when buying and selling a home.

You know you earn every penny you get when you sell a home. This list can help you show your customers exactly what you do to help them buy or sell their home.



105 MORE WAYS

**AGENTS WHO ARE REALTORS®
ARE WORTH EVERY PENNY OF
THEIR COMPENSATION.**

Here's a look at all the things – big and small – that a REALTOR® may do to help clients when buying a home.



LOCAL MLS BROKER MARKETPLACES IN ACTION

Multiple Listing Services (MLSs) are independent broker marketplaces that connect buyers and sellers of real estate in the U.S. through their respective agents. Local MLS broker marketplaces give first-time, low-income and other buyers better access to the American dream of homeownership while also exposing a seller's property to the greatest number of potential buyers.

WHAT LOCAL MLS BROKER MARKETPLACES DO FOR YOU:

Largest databases of available homes



Most up-to-date home status information



Maximized visibility of homes for sale



Verified, trusted, detailed and accurate property information



Facilitate cooperation between buyer and seller brokers



Equal opportunity for all home buyers and sellers



Easy to find the agent selling the home



Level playing field between large and small brokerages



A WORLD WITHOUT LOCAL MLS BROKER MARKETPLACES:

No centralized source of available homes



Outdated home status information



Fewer homes for buyers to choose from on real estate websites



Unverified, inaccurate and unreliable property information



Buyers/sellers would likely have to pay to list on websites



Residents without access to brokerages would have fewer options



Inconsistent broker information in listings across marketplace



Markets become broker-controlled



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ECONOMICS OF BUYING A HOME

REAL ESTATE BROKER COMMISSION STRUCTURE BENEFITS BUYERS AND SELLERS ALIKE

The current way brokerage services are paid prevents a greater cost burden that would be especially devastating for first-time and low-income home buyers.

If buyers had to pay real estate broker commissions directly, it would add **thousands of dollars** to an **already costly transaction**.



The typical American household has an average of **\$8,863** in the bank*.

That's barely more than 50% of the median down payment on a starter home, which is **\$16,100 or 7%** for first-time homebuyers**.



Since most lenders don't allow real estate broker commissions to be financed, every 1% of broker commissions that first-time buyers pay out of pocket would put their home **\$2,300** further out of reach.

*Bankrate inflation-adjusted data from the Federal Reserve 2016 Survey of Consumer Finances

** In 2020, median downpayment was 12% for all buyers, 7% for first-time buyers. (NAR 2020 Profile Home Buyers and Sellers report). Actual dollar amounts based on national median starter home price in Q1 of 2020 according to NAR Q1 First-Time Homebuyer Affordability Index

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CODE COMPREHENSION

ARTICLE 16

Commissions are Negotiable



QUESTION:

There is a home in the MLS that I think my buyer client would love, but the commission being offered by the listing broker is lower than I want to be paid. It's so low that it won't cover the time or effort I put in to representing the buyer throughout the transaction. I want to do the right thing. **What can I do?**

CODE COMPREHENSION

ARTICLE 16

Commissions are Negotiable



QUESTION:

Wait, doesn't Standard of Practice 16-16 prohibit me from negotiating my commission after showing, during the purchase offer phase, or after we have an accepted offer?

is designed to protect sellers and listing brokers from having purchase offers "held hostage" by cooperating brokers demanding a higher commission to be paid by the listing broker.

This Standard of Practice *never* prohibits negotiations between the listing broker and a cooperating broker at any time during the transaction. In fact, Standard of Practice 3-3 expressly authorizes the listing broker and cooperating broker to come to an agreement to change cooperative compensation, and that can happen before a property is shown, after showing, or even after an offer is accepted.

subagents or buyer/tenant representatives or brokers nor make the submission of an executed offer to purchase/lease contingent on the listing broker's agreement to modify the offer of compensation. ”

Article 16, Standard of Practice 16-1



Article 16 is not intended to prohibit aggressive or innovative business practices which are otherwise ethical and **does not prohibit disagreements with other REALTORS® involving commission, fees, compensation, or other forms of payment or expenses.**

(Adopted 1/93, Amended 1/95)

Standard of Practice 16-16



REALTORS®, acting as subagents or buyer/tenant representatives or brokers, **shall not use the terms of an offer to purchase/lease to attempt to modify the listing broker's offer of compensation** to subagents or buyer/tenant representatives or brokers nor make the submission of an executed offer to purchase/lease contingent on the listing broker's agreement to modify the offer of compensation.

(Amended 1/04)

Standard of Practice 3-1



REALTORS[®], acting as exclusive agents or brokers of sellers/ landlords, establish the terms and conditions of offers to cooperate. Unless expressly indicated in offers to cooperate, cooperating **brokers may not assume that the offer of cooperation includes an offer of compensation.** Terms of compensation, if any, shall be **ascertained by cooperating brokers before beginning efforts to accept the offer of cooperation.**

(Amended 1/99)

The Compensation Discussion



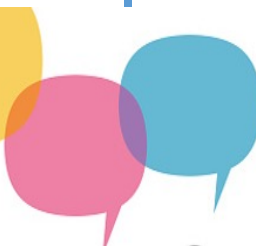
Standard of Practice 1-12

When entering into listing contracts, REALTORS® must advise sellers of:

1. Company policy regarding co-op compensation and amount of compensation being offered
2. The fact that buyer agents do not work for the sellers
3. Potential for dual agency

Standard of Practice 1-13

When entering into buyer agreements, REALTORS® must advise buyers of:

1. Policy regarding cooperation
 2. Amount of compensation to be paid by client
 3. Potential for offsetting compensation from other parties
 4. Potential for dual agency
- 

No Compensation?

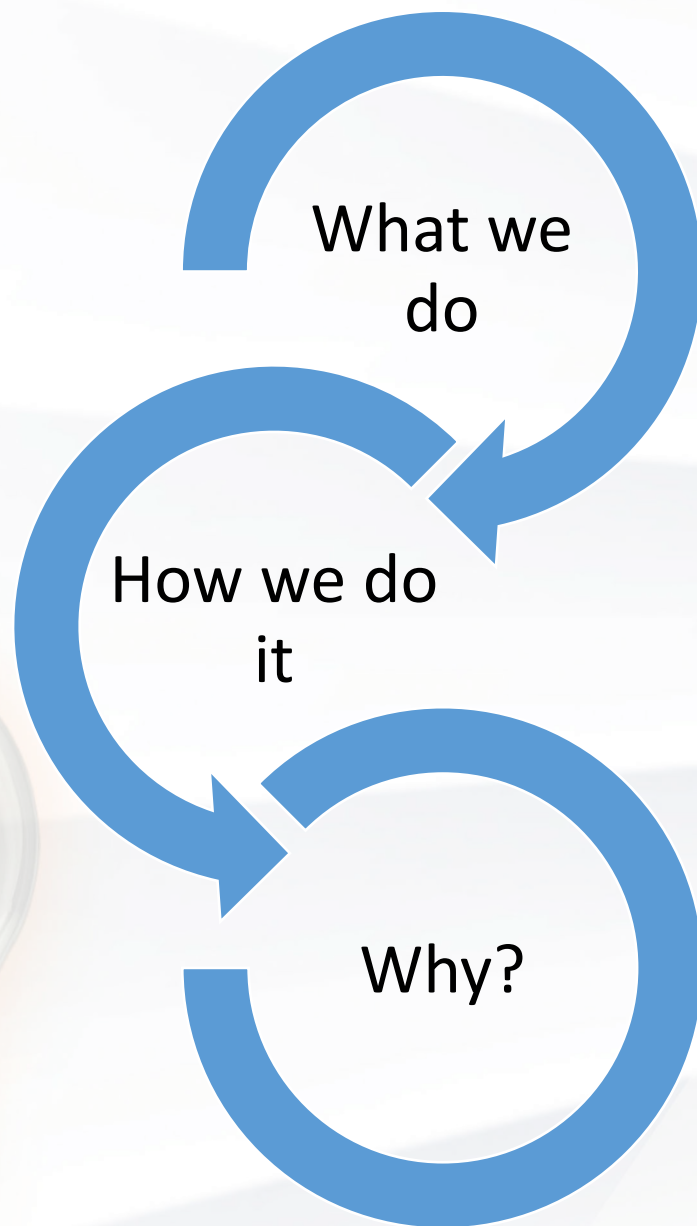
How will you explain compensation to the sellers?

How will you get paid as a buyer brokerage?

How will this change what you say and do with your clients?



Let's start with the sellers



What we do is important

They don't know what we do

To get commitment we need to show them how what we do benefits them

competition.realtor

179 WAYS

**AGENTS WHO ARE REALTORS®
ARE WORTH EVERY PENNY OF
THEIR COMPENSATION.**

The Seller Compensation Conversation



Fundamental change in approach
that causes old ways of thinking and
doing things to become irrelevant





Not the first time Compensation Questioned

- **REALTOR® Code of Ethics 1914**
- “If the commission which it is usual to charge in the locality in which the broker is operating, is a fair one to the owner and broker alike, each broker owes it to himself, to his other clients as well as to his fellow brokers, to maintain the rate.”

NEW Seller Conversations Needed

STOP Saying

- “the commission we charge is X and we pay out Y to the co-op brokers”
- “if we don’t pay out at least Y, no one will show your listing”
- “the rate that most agents want is...”





- Compensation is two parts added together to make the whole.
- Part is for the listing office and what they do for the seller.
- Part is for the “Other” brokerage and what they do for the buyer
- Total is paid by both the buyer and seller in the price they agreed on

DECOUPLING the Listing Brokerage and Buyer Brokerage Compensation

160 **15. Compensation:** Except as provided hereafter, in consideration of the obligations of the Brokerage, the Seller agrees to
161 pay Brokerage, at the time of closing of the sale of the property, or the initial closing of an installment contract for deed,
162 and from the disbursement of the proceeds of said sale, compensation:

- 163 1. For Listing Brokerage services _____ % of the sales price or \$ _____. If applicable, additional compensation
164 for Listing Brokerage shall be: \$ _____;
- 165 2. For the brokerage that effects the execution of a valid binding contract with a buyer ready, willing, and able to purchase
166 → the Property (hereinafter referred to as "Other Brokerage"): _____ % of the sale price or \$ _____ (Other
167 Brokerage may be the listing brokerage when Listing Brokerage is the only brokerage involved in the transaction);
- 168 3. For a total compensation of _____ % of sale price and/or \$ _____ (subject to possible adjustments – see lines
169 172-190).

OTHER BROKERAGE:

The brokerage that effects the execution of a valid binding contract with a Buyer ready, willing, and able to purchase the property.

Co-op Broker

Agent from Listing Brokerage Firm

Listing Agent as a Dual Agent

Listing Agent facilitating
Unrepresented Buyer (No Agency)

This is the
other fear
many
agents
have!

Listing agents must prepare for influx of unrepresented buyers

Addressing the second point of critical change requires only a basic understanding of how agency law works. If guaranteed shared compensation goes away, there will be an increase in unrepresented buyers coming to your listings directly.

However, it's critically important to understand that, as the listing agent, an unrepresented buyer has zero impact on your role or on how much you get paid. Those details are clearly established in the listing agreement between your brokerage and the seller.

Understand this clearly: the total compensation agreed to by the seller is not dependent on whether or not the buyer has representation.

Read your brokerage's listing agreement. Nowhere in it is language that automatically changes how much you are paid if an unrepresented buyer shows up unless you specifically insert it.

Listing Agent assisting “Unrepresented Buyers”

- Disclose, educate, and fully execute a “No Agency Form”
- Treat them Honestly
- Provide just the material facts
- Keep all information about the seller confidential
- Only provide information that supports the seller’s listing price
- Tell the seller everything you know about the buyers
- Provide access and supervision for showings, inspection, walk-thru, etc.
- May not give buyer blank forms of any kind.
- May prepare an offer to purchase by filling in blanks – not giving buyer advice
- Does not provide educational services/answers to questions
- Maintain loyalty to the seller’s needs

82 WHAT A LICENSEE CAN DO FOR CLIENTS WHEN ACTING AS A DUAL AGENT:

- 83 1. Treat all clients honestly.
- 84 2. Provide information about the Property to the buyer or tenant.
- 85 3. Disclose all latent material defects in the Property that are known to Licensee.
- 86 4. Disclose financial qualification of the buyer or tenant to the Seller or landlord.
- 87 5. Explain real estate terms.
- 88 6. Help the buyer or tenant to arrange for Property inspections.
- 89 7. Explain closing costs and procedures.
- 90 8. Help the buyer compare financing alternatives.
- 91 9. Provide information about comparable properties that have sold so both clients may make educated decisions on what
- 92 price to accept or offer.

93 WHAT A LICENSEE CANNOT DISCLOSE TO CLIENTS WHEN ACTING AS A DUAL AGENT:

- 94 1. Confidential information that Licensee may know about the clients, without the client's permission.
- 95 2. The price or terms the Seller or landlord will take other than the listing price without permission of the Seller or landlord.
- 96 3. The price or terms the buyer or tenant is willing to pay without permission of the buyer or tenant.
- 97 4. A recommended or suggested price or terms the buyer or tenant should offer.
- 98 5. A recommended or suggested price or terms the Seller or landlord should counter with or accept.

Compensation Conversation

“For all of the services I provide to you in the transaction, we charge \$XX or X%. Now let’s talk about the offer of compensation to the other brokerage. In our marketplace, most of our buyers do not have additional dollars at the closing to compensate their brokerage. The lenders will not allow them to add it to the purchase price – but they will allow them to include it in the purchase price. Most buyers would rather have it be a part of their transaction than have to pay it at the closing.”

INVOLVE THE SELLER in Options and Decisions!

Buyer Options if LITTLE or NO Compensation to Buyer Brokerage

- Pay Compensation Direct
- Negotiate with Seller to compensate Buyer Brokerage
- View, negotiate, purchase, and close UNREPRESENTED
- Skip this property



BOTTOM LINE **IMPACT**

Buyers don't
have extra cash

If buyers do pay
it themselves –
they will pay the
seller less!

Seller's property will be
more marketable if they
offer compensation

If they do not – it will
probably be negotiated
in the contract

It ends up being the same thing – compensation
comes out of the agreed upon price the buyer is
willing to pay and the seller is willing to accept



Explain that the buyer is paying the compensation in the amount of the sales price of the property

Without offering to pay buyer brokerage compensation seller will receive less

They may get fewer showings – buyers can choose not to look

The bottom line – will probably be asked to pay it anyway

No offer of compensation: Unintended Consequences?

- Greatest impact would be on First-time Buyers, Vets, and low to middle income buyers.
- Added Complexity to contract negotiations
- Buyers trying to navigate home purchases without representation



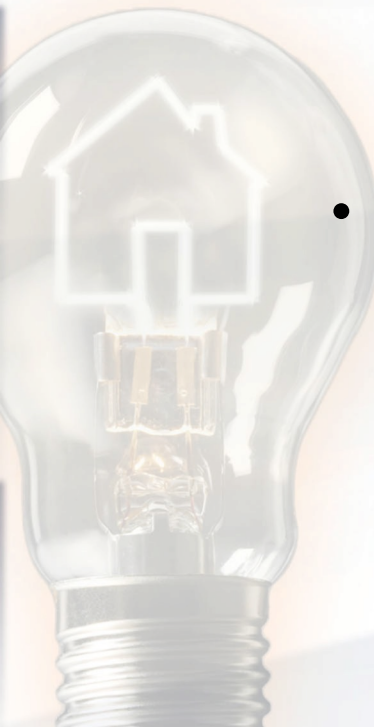
Seller asks:

“How much compensation do you think we should offer?”



What **NOT** TO SAY...

- *You have to pay at least X if you want your home to be shown*
- *If you offer a “Lower than normal fee” buyer agents will steer their clients away from your home.*
- *The standard (or normal) commission rate in our area is...*



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“Let’s look at what your competition is offering the buyer brokerage. How would you like to position yourself?”



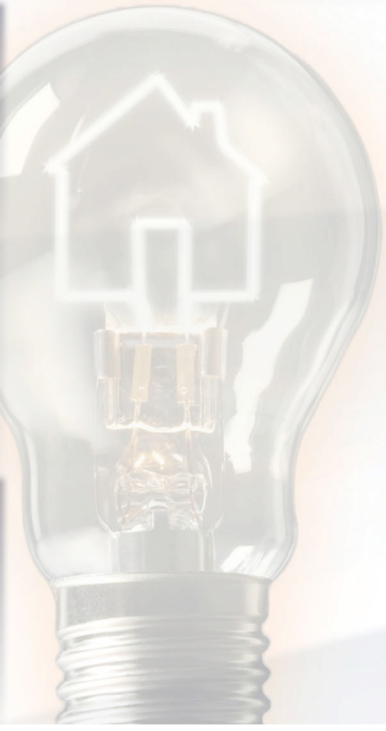
Company Policies...

The following are NOT required or suggested... they are ALL Individual brokerage options and decisions. The only requirement is transparency and disclosure to the seller client of any such policies that would affect the total compensation payable by the seller.

Required Conversations

Company Policy Examples:

- A fee charged to a coop brokerage and paid to the listing brokerage
 - Variable Rate
 - Dual Agency
 - Unrepresented Buyer: Fee to Listing Designated Agent for facilitating in a **No Agency** capacity
 - Additional Compensation
 - Up front or at closing
 - Fees dues with early termination of agreement



Disclosure Requirements

- NAR Code of Ethics 1-12
- RELA Section 10-10
- Administrative Rules 1450.770c
- Company Policies regarding cooperation and compensation must be disclosed to clients



- 170 4. The Illinois Real Estate License Act and the NAR Code of Ethics require disclosure to the client of any additional
 171 policies relating to compensation including, but not limited to:
- 172 a. Brokerage’s compensation policies may affect the distribution of compensation. If the Listing Brokerage charges
 173 a fee of \$ _____, it will be added to the Brokerage’s compensation and reduced from the Other Brokerage
 174 compensation, but will not affect the total compensation payable by Seller.
 - 175 b. Total compensation may be affected by and as a result could increase or decrease due to Brokerage’s policies such as:
 - 176 i. Variable rate, if applicable, described as follows: _____
 177 _____
 - 178 ii. Alternative compensation structure, if any, for Non-Participant(s) (referenced in Paragraph 16 below):
 179 _____
 180 _____
 - 181 iii. Brokerage, on a case-by-case basis with permission of the Seller, may agree to different compensation to
 182 brokerages who are Participants as defined in Paragraph 2 above.
 - 183 iv. Total compensation will be paid on [CHECK ONE] Definite Dollar Amount; Gross Sale Price; or
 184 Net Sale Price. As provided in MRED’s Rules and Regulations, compensation paid on net sale price is
 185 defined as “A percentage of the net sale price in the initial contract, reduced thereafter only by an agreed
 186 reduction in the amount to be paid by the buyer due to a subsequent appraisal. The net sale price is
 187 defined as the gross sale price minus amounts to be credited or paid to the buyer, as reflected in the
 188 initial sales contract.”
 - 189 v. Other Compensation Information, if applicable: _____
 190 _____

- 170 4. The Illinois Real Estate License Act and the NAR Code of Ethics require disclosure to the client of any additional
171 policies relating to compensation including, but not limited to:
- 172 a. Brokerage's compensation policies may affect the distribution of compensation. If the Listing Brokerage charges
173 a fee of \$ _____, it will be added to the Brokerage's compensation and reduced from the Other Brokerage
174 compensation, but will not affect the total compensation payable by Seller.

Co-op Fee Deduction

A Fee charged to a co-op broker and paid to the listing brokerage that does not affect the total compensation payable by the seller but affects the distribution of compensation between the listing brokerage and co-op broker.

- 175 b. Total compensation may be affected by and as a result could increase or decrease due to Brokerage's policies such as:
- 176 i. Variable rate, if applicable, described as follows: _____
- 177 _____

Variable Rate Disclosure

- Dual Agency: Different rate structure if listing agent is representing both the seller and the buyer?
- Unrepresented Buyer: A different rate if listing agent is facilitating an unrepresented buyer's activities in a no agency capacity?

Variable Obligations



Code of Ethics 3-4

“...affirmative obligation to disclose the existence of dual or variable rate commission arrangements.....”

The listing broker shall, as soon as practical, disclose the existence of such arrangements to potential cooperating brokers and shall...

In response to inquiries from cooperating brokers, disclose the differential that would result in a cooperative transaction...”

- 178 ii. Alternative compensation structure, if any, for Non-Participant(s) (referenced in Paragraph 16 below):
179 _____
180 _____
- 181 iii. Brokerage, on a case-by-case basis with permission of the Seller, may agree to different compensation to
182 brokerages who are Participants as defined in Paragraph 2 above.

• **Non-Participant compensation: To be outlined in Brokerage-To-Brokerage Cooperating Compensation Agreement. Non-REALTOR? Not obligated to the Code of Ethics? Different compensation offered to a participant “Other Brokerage”?**

202 **16. Cooperation and Compensation Involving Non-Participants:** Seller grants permission for an Illinois real estate
203 licensee who is not a Participant as defined in Paragraph 2 to have access to the Property for purposes of showing.

204 Yes No (_____ / _____) [SELLER(S) INITIALS]

205 By checking “Yes” Seller permits an Illinois real estate licensee who is not a Participant as defined in Paragraph 2 to access
206 the Property. When Seller grants permission to access the Property by brokerage(s) who are not Participants as defined in
207 Paragraph 2, Seller may authorize Brokerage, on a case-by-case basis, to pay a compensation to such brokerage different
208 from that set forth in Paragraph 15.

- 183 iv. Total compensation will be paid on [CHECK ONE] Definite Dollar Amount; Gross Sale Price; or
184 Net Sale Price. As provided in MRED's Rules and Regulations, compensation paid on net sale price is
185 defined as "*A percentage of the net sale price in the initial contract, reduced thereafter only by an agreed*
186 *reduction in the amount to be paid by the buyer due to a subsequent appraisal. The net sale price is*
187 *defined as the gross sale price minus amounts to be credited or paid to the buyer, as reflected in the*
188 *initial sales contract.*"
- 189 v. Other Compensation Information, if applicable: _____
190 _____

Other compensation Information:

- Payable to the Listing Brokerage at closing or at time of execution of the marketing agreement?
- Early termination fee?

191 **5. As provided in Illinois Administrative Code, no amendment or alteration to the terms, with respect to the amount**
192 **of compensation or with respect to the time of payment of compensation, shall be valid or binding unless made**
193 **in writing and signed by the parties.**

Attorney changes to compensation prior to closing without written direction from the parties (listing brokerage and sellers) "shall not be valid or binding."



**MAINSTREET ORGANIZATION OF REALTORS®
SELLER ESTIMATED NET SHEET**



[THE FIGURES BELOW ARE ESTIMATES AS OF THE DATE OF THIS NET SHEET.]

1 Prepared By: _____

2 Property Address: _____

3 Pin Number: _____ Date: _____

Rev. 4.2023 © MAINSTREET ORGANIZATION OF REALTORS®

27 M. Compensation	\$ _____
28 N. Other Brokerage Compensation	\$ _____
29 O. Home Warranty Fees	\$ _____

https://www.succeedwithmore.com/globalassets/member-locked-files/contracts-and-forms/residential-property/sellers_estimated_net_sheet.pdf

REPORTING when CLOSED

Closed

*Sold Price

*Buyer Broker ID

*Finance Code

* Closed Buyer Agency Compensation Type

*Contract Date

CoBuyer Broker ID

* Closed Special Comp Info

* Closed Buyer Agency Compensation

*Closed Date

*Seller Concessions

*Seller Concessions Amount

*Short Sale/Foreclosed/Court Approved

*For Attached: Sold price includes Parking?

Burnett Verdict does NOT change our Messaging

Transparency

Efficiency

Credible

- Commissions are negotiable
- Involve the Seller in offer of compensation for the “Other Brokerage”
- Free Market establishes commission costs based on service, value, and market conditions
- Compensation must be transparent and accessible
- Our local marketplaces provide equal opportunity for both buyers and sellers
- Broker cooperation sets the U.S. real estate industry apart from the rest of the world
- Explain clearly what services you provide



Let's Talk About the Buyers

Buyer agents should embrace this opportunity

- Set YOUR value and compensation with YOUR clients
- Stop working for whatever the listing brokerage deems appropriate
- Get paid what YOUR worth – not what someone else thinks you should get
- Using buyer rep agreements gives you control of your business
- Stop thinking buyers won't sign them – you're 'telegraphing' your negativity to the clients!





What makes you stand out? Why are you unique?

What We Do

- Find suitable property
- Show property
- Analyze the market
- Write the offer
- Negotiate on your behalf
- Follow-through to closing





105 MORE WAYS

**AGENTS WHO ARE REALTORS®
ARE WORTH EVERY PENNY OF
THEIR COMPENSATION.**

Here's a look at all the things – big and small –
that a REALTOR® may do to help clients when
buying a home.

Counseling Session Activities:

1. Prepare the buyer for executing a buyer representation agreement
 2. Explain agency relationships to the buyer and get state required legal consent to represent, if needed
 3. Inform the buyer of working relationship based on state law, the REALTORS® Code of Ethics, and the broker's business policies
-

Educating the Buyer:

15. Communicate the working relationship based on state law, the REALTORS® Code of Ethics, and the broker's business policies
16. Explain Federal and State Fair Housing laws
17. Explain what to look for in applicable property disclosures

Building a Relationship:

4. Learn the buyer's wants and non-negotiable needs
 5. Understand the buyer's budget and what will be needed financially
 6. Help the buyer understand what property their chosen budget will buy
-

Preparing the Buyer:

22. Explain the timeline for house hunting, mortgage approval, and closing
23. Explain the local market and how it impacts the buyer
24. Show statistics on what percentage of list price sellers in the area are currently receiving

Negotiating Offers:

- 57. Assist the buyer in getting the best property at the best price
 - 58. Suggest that the buyer learn more about the neighborhood prior to making an offer
 - 59. Prepare a comparative market analysis (CMA) in advance of making an offer
 - 60. Prepare the buyer to have the most attractive offer in the current marketplace
-

Showing Properties:

- 40. Schedule showings and provide access to all listed properties as soon as they become available in their local MLS broker marketplaces
 - 41. Educate the buyer on the immediacy of new listings appearing in their local MLS broker marketplaces and the lag time for them to appear on some websites
 - 42. Collaborate with the buyer on properties they may have learned about through their sphere contacts
-

Advocating for the Buyer and Facilitating the Close:

- 73. Advocate for the buyer throughout the entire process
- 74. Encourage the buyer to fully investigate their options in terms of a home inspector, title company, appraiser, mortgage lender, and other services
- 75. Present a list of the types of required and optional
- 89. Gather all required forms and documents for closing
- 90. Explain flood insurance to the buyer
- 91. Explain title insurance to the buyer and refer to qualified insurance broker
- 92. Order any surveys needed



Mainstreet Exclusive Buyer Representation Agreement

7 In consideration of the agreement with Brokerage to designate a licensee associated with Brokerage to act as the legal
8 agent of Buyer for the purpose of identifying and negotiating to acquire an interest in real estate for Buyer, Buyer hereby
9 grants to Brokerage the exclusive right to represent Buyer in such acquisition under the terms and provisions of this
10 Exclusive Buyer Representation Agreement (Agreement).

11 **1. Representation:** Designated Managing Broker designates and Buyer accepts: _____
12 (“Buyer’s Designated Agent(s)”), a licensee affiliated with Designated Managing Broker, as the only legal agent of Buyer
13 for the purpose of representing Buyer in the acquisition of real estate. Buyer understands and agrees that neither
14 Designated Managing Broker nor any other licensees associated with Brokerage (except as provided herein) will be acting
15 as legal agent of Buyer. The duties owed to Buyer as referred in the Illinois Real Estate License Act of 2000, as amended,
16 will only be owed to Buyer by the Designated Agent(s). The Designated Managing Broker and the Designated Agent(s)
17 will have only those duties to the Buyer as are required by statute. Designated Managing Broker reserves the right to
18 appoint additional or substitute designated agent(s) for Buyer as Designated Managing Broker deems necessary. Buyer
19 shall be advised within a reasonable time of any such appointment.

- Spells out exclusivity
- Discloses Designated Agency
- Allows DMB to appoint additional Designated Agent if necessary

20 Buyer understands that this Agreement means that if Buyer acquires any property, whether through Buyer's own efforts,
21 Designated Managing Broker and their agents, another real estate agency besides Brokerage, or other third party, Buyer
22 will be obligated to compensate Brokerage pursuant to Paragraph 7 of this agreement. **Buyer represents that Buyer has**
23 **not entered into any other exclusive buyer representation agreement that is currently in effect.** This Agreement shall
24 be effective for the following area(s): _____
25 _____

26 The term "acquire" or "acquisition" (subject to the limitations of set forth hereinafter in the first sentence of Paragraph 12,
27 entitled "Failure to Close") shall include the execution of an agreement for the purchase, lease, exchange or option of an
28 interest in real estate by Buyer or anyone acting on Buyer's behalf. As referenced in the second sentence of said Paragraph
29 12, entitlement to compensation under this Agreement is not contingent upon the successful closing of the purchase, lease,
30 exchange or option of an interest in real estate by Buyer or anyone acting on Buyer's behalf.

- Buyer will owe compensation regardless of how they find a property
 - Through their own efforts
 - Through another brokerage company
 - Through this brokerage company
 - Through anyone else's efforts
- Buyer stating they have not entered into any other exclusive buyer agreement
- Spells out areas agreement covers – if needed

73 **7. Compensation:** If, during the term of this Agreement or the Protection Period, Buyer enters into a contract to acquire real
74 estate and such contract results in a closed transaction, Buyer agrees to pay to Brokerage a fee of \$ _____
75 or _____ % of the purchase price [*BROKERAGE FEE*] at the time of the closing of the property. If the compensation being
76 offered by the seller or seller's brokerage, including any bonus, is less than the Brokerage Fee, Designated Agent will inform
77 Buyer prior to showing the property.

- Fee can be dollars or percent of sales price
- Agent must disclose to buyer if fee being offered is less than what is owed and give buyer their options
 - Choose not to see the property
 - Pay brokerage at closing
 - Ask seller to pay

78 Any compensation collected from the seller or seller's brokerage will be applied to Brokerage Fee with any remainder owed by
79 the Buyer to be paid by the Buyer or Brokerage upon closing of the property. The Designated Managing Broker will make
80 every effort to collect the compensation of the Brokerage Fee from the seller or the seller's brokerage. If the amount being
81 offered by the seller or seller's brokerage, including any bonus, exceeds Brokerage Fee, Designated Agent(s) shall disclose this
82 to Buyer. Any amount being offered by seller or seller's brokerage exceeding Brokerage Fee, up to \$ _____
83 or _____ % of the purchase price may be:

84 retained by Brokerage;

85 refunded to Buyer; or

86 negotiated at the time of purchase agreement.

87 Any amount being offered by seller or seller's brokerage which does not satisfy the Brokerage Fee, shall be paid by the Buyer
88 upon closing or by the seller as negotiated in the purchase contract.

89 In the event of a lease, Buyer's Brokerage Fee shall be \$ _____. Designated Managing Broker will make
90 every effort to collect said Brokerage Fee from owner or listing brokerage.

- If fee collected is more than what buyer has committed to – this spells out what happens to the overage
- Sets fee for leasing – if it occurs



Mainstreet Non-Exclusive Buyer Representation Agreement

7 In consideration of the agreement with Brokerage to designate a licensee associated with Brokerage to act as the legal
8 agent of Buyer for the purpose of identifying and negotiating to acquire an interest in real estate for Buyer, Buyer hereby
9 grants to Brokerage the non-exclusive right to represent Buyer in such acquisition under the terms and provisions of this
10 Non-Exclusive Buyer Representation Agreement (Agreement).

21 Buyer agrees to work with Designated Agent(s) and Designated Managing Broker in the acquisition of property with the
22 understanding that Buyer's relationship is non-exclusive. **Buyer represents that Buyer has not entered into any**
23 **exclusive representation contract that is currently in effect.** Buyer understands that Buyer may not enter into an
24 Exclusive Buyer Representation Agreement with any other real estate brokerage. This Agreement shall be effective for the
25 following area(s): _____
26 The term "acquire" or "acquisition" (subject to the limitation of set forth hereinafter in the first sentence in Paragraph 11,
27 entitled "Failure to Close") shall include the execution of an agreement for the purchase, lease, exchange or option of an
28 interest in real estate by Buyer or anyone acting on Buyer's behalf.

Most buyer rep
agreements
say something
like this

COMPENSATION

If, during the term of this contract or the protection period, Buyer enters into a contract to acquire real estate and such contract results in a closed transaction, Buyer agrees to pay Brokerage firm a Brokerage Fee of _____% of the purchase price. The Designated Managing Broker will make every effort to collect the Brokerage Fee from the seller or the listing broker. If the Brokerage Firm is not being offered compensation as a cooperating Broker, or compensation being offered does not cover the Brokerage Fee, Designated Agent will so inform Buyer prior to showing the property.

Jack and Sally, you totally control how our buyer brokerage compensation is paid.

As a matter of fact, you are paying it in the amount you offer to the seller. The seller has factored our compensation into the amount the listing office is offering us in the MLS, or a FSBO is willing to pay.

If there is any time that our agreed upon brokerage fee is not included in the price the seller is asking, I will notify you of that prior to looking at the property.

You have choices



Buyers have choices



OPTION
01

Choose to
not look at
the property

OPTION
02

Pay their
brokerage
at closing

OPTION
03

Ask seller to
pay as part of
sales contract

Buyer Agent – With Buyer Rep Agreement

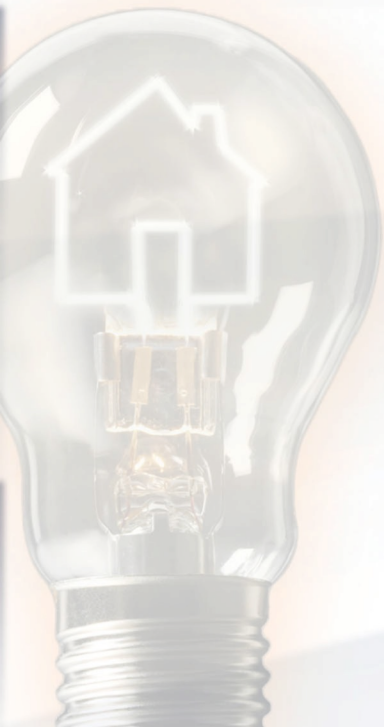
Establish compensation at time of agreement

- You and the buyer decide
- Not the seller and listing agent

Buyer can pay you at closing – or

Has option to ask seller to pay it

Must disclose prior to showing if compensation does not match



With Buyer Representation Agreement

Empower YOU



Can call listing agent prior to showing and ask if seller will pay more

- Note – listing agent MUST ask seller

If seller agrees – must get in writing from listing managing broker

- Listing brokerage will want to modify listing agreement

If no – buyer decides if they want to see the property

- Can pay brokerage
- Can use sales contract to ask seller to pay



THE **BIG**
ReThink
REDUX



MAINSTREET ORGANIZATION OF REALTORS®

**ADDENDUM TO MULTI-BOARD RESIDENTIAL REAL ESTATE CONTRACT 7.0
SELLER AGREEMENT TO PAY BUYER'S BROKERAGE COMPENSATION**



1 This Addendum is made a part of and incorporated into that certain Multi-Board Residential Real Estate
2 Contract 7.0 (hereinafter referred to as "Contract") regarding the purchase and sale of real property known as
3 _____ (hereinafter referred to as "Real
4 Estate"), entered into by _____, (hereinafter referred to as "Buyer"), represented
5 by _____, (hereinafter referred to as "Buyer's Brokerage") and
6 _____, (hereinafter referred to as "Seller"), represented by
7 by _____, (hereinafter referred to as "Listing Brokerage").

8 For and in consideration of the mutual promises and undertakings set forth in the Contract and in this
9 Addendum, it is further agreed as follows:

- 10 1. In the event of any conflict between the terms of the Contract and the terms of this Addendum, the
11 provisions of this Addendum shall control.
- 12 2. Seller and Buyer agree and understand that the amount or rate of real estate brokerage compensation
13 (including fees and commissions) is determined by a separate contract between the real estate brokerage and
14 its client and may be negotiated between the respective parties.
- 15 3. Buyer represents and warrants that Buyer has entered into a buyer brokerage agreement requiring
16 compensation to the Buyer's Brokerage.

17 4. Buyer acknowledges that Seller has offered _____ as compensation to Buyer's Brokerage in the
18 Multiple Listing Service. Seller further agrees to increase Buyer's Brokerage compensation by:

19 *[CHOOSE ONLY ONE]*

20 a) _____ % of the Purchase Price; or

21 b) \$_____.

22 For a total compensation to Buyer's Brokerage of:

23 *[CHOOSE ONLY ONE]*

24 c) _____ % of the Purchase Price; or

25 d) \$_____.

26 All other terms of the Contract shall remain in full force and effect.

27 Accepted this _____ day _____, 20 _____.

28 _____

29 Buyer's Name *[PRINT]*

30 _____

31 Buyer's Name *[PRINT]*

32 _____

33 Buyer's Signature

34 _____

35 Buyer's Signature

Seller's Name *[PRINT]*

Seller's Name *[PRINT]*

Seller's Signature

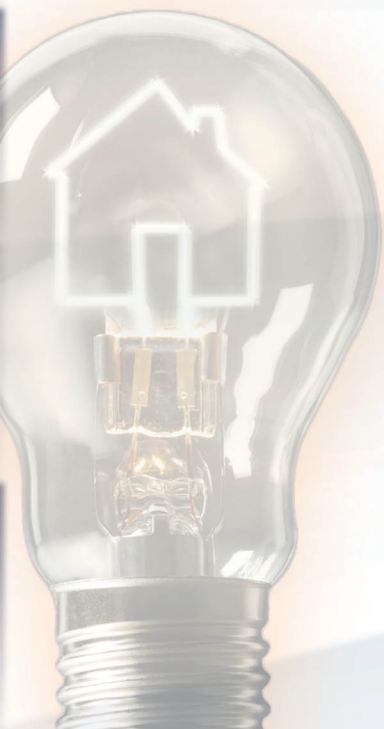
Seller's Signature

Buyer Agent – No Written Agreement

Disclose range of compensation to buyers prior to showing

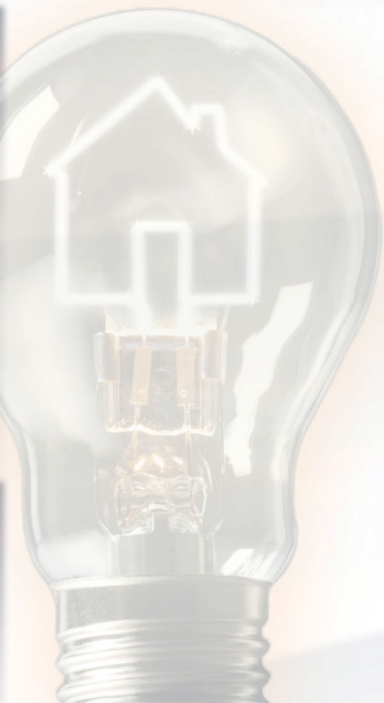
Prior to writing offer – disclose actual offer of compensation

Show all properties that fit buyers needs – regardless of compensation



No written agreement . .

- You don't like offer of compensation?
 - Work for whatever the seller/listing office is paying
 - Tell buyer they can look at it with someone else
 - Have buyer sign buyer rep agreement – see above!



THE SKY IS
FALLING!
THE SKY IS
FALLING!



LIFE IS FULL
OF CHOICES



Thank you for joining us!

Real Estate Topics > Competition & Opportunity in Real Estate

FAQs

Answers to some of the most common questions about competition & opportunity in real estate.

www.nar.realtor/competition-in-real-estate/faqs



Why can't commissions be included as part of a mortgage?

Is there a "set commission" real estate agents charge consumers?

Why not require buyers to pay commissions directly to their broker instead of the historic practice of listing brokers paying the buyer broker?

How does the U.S. model compare to other, international broker marketplaces?

Why are MLSs needed when you can find listings for homes in so many places online?



Why are MLSs needed when you can find listings for homes in so many places online?

What is NAR's role relative to independent, local MLS broker marketplaces?

Why should real estate professionals make the money they do in commissions when so much information is available online?

How does NAR promote access to homeownership?

How is NAR promoting equity in homeownership?

How do real estate professionals advance the economy?

www.nar.realtor/competition-in-real-estate/faqs



**NATIONAL
ASSOCIATION OF
REALTORS®**

How do real estate professionals advance the economy?

What is happening with NAR and the Department of Justice?

How has NAR moved forward on what it agreed to with the DOJ?

What's happening with class action lawsuits challenging how local broker marketplaces work?

What's going on with lawsuits NAR is facing that challenge the Clear Cooperation Policy?

THE ESSENTIAL REAL ESTATE AGENT

Buying a home is the largest and most complex transaction most people will make in their lifetime, with volumes of property, neighborhood, transaction, legal and regulatory details to navigate. Having an expert, local professional manage the process is more important than ever.

NAVIGATING THE BUYING PROCESS

Real estate agents wear many hats...



Community

- Know local, county and state property taxes
- Decipher public property information
- Advise on price trends, schools and neighborhoods



Financial

- Coordinate with lenders
- Research mortgage rates and terms
- Schedule appraisals and inspections



Legal

- Manage attorney reviews
- Navigate all required state and federal forms
- Handle closing documents

AN EXPERT RESOURCE



97%

of home buyers consider their real estate agent to be a useful source of information.



83%

of first-time home buyers say their real estate agent helped them understand the home buying process.

REAL ESTATE AGENT TO-DO LIST

- Educate clients about transaction process
- Create budget

HOW REAL ESTATE COMMISSIONS WORK

It's important for consumers looking to experience the American dream of homeownership to understand how real estate agents are paid for the services they provide. At the outset, the seller and that person's listing broker agree on the amount the listing broker will receive for the services it provides to the seller. The listing broker and seller also discuss and agree upon an amount that the listing broker will pay a broker who successfully closes the transaction with a ready, willing and able buyer. Here are seven additional things you need to know.

1. Commissions are always negotiable.

Commissions can be negotiated at any point throughout the transaction, including at the outset, after the results of a home inspection and after an offer has been made. Sellers negotiate with their broker what fee they are willing to pay for their broker's services and what fee they are willing to pay a cooperating buyer broker for finding someone who wants to buy their home.

2. There are different commission models to choose from.

Buyers have many different choices about which broker they want to work with in terms of everything from the commission model to a real estate agent's particular expertise to the agents' customer service approach. In the full-service approach, commissions are negotiable at any point during the home buying process. The reduced service/discounted fee model allows for flexible offerings and pricing. The flat fee approach allows buyers to negotiate a set price per service.

3. Commission rates are set by the market.

The free market organically establishes commission costs within local real estate markets based on service, consumer preference and what the market can bear, among other things. National Association of REALTORS'® guidelines ensure that the listing broker advise all other participants in their local broker marketplace what the amount of compensation to the buyer's broker will be for closing the sale. That amount is determined by the seller and the seller's broker. Commissions fluctuate over time, including having decreased steadily in recent years and having fallen to a new low of 4.94% in 2020.



Commissions
in 2020
4.94%

3 WAYS TO MAXIMIZE THE VALUE OF YOUR REAL ESTATE AGENT

1. USE THEIR EXPERT KNOWLEDGE ON THE HOME BUYING PROCESS

Real estate agents have access to the largest database of available homes in the U.S. via the multiple listing service. They are expert, local brokers helping consumers navigate what is for many the most complex and important transaction they'll ever do.

While **97%** do research about a home online, 9 in 10 people still chose to work with a real estate agent.*

97% of home buyers consider their real estate agent to be a useful source of information.**

Top 3 Services Buyers Want Most From Real Estate Agents



Help **finding the right home** to purchase

2. CHOOSE THE SERVICE, COMMISSION MODEL AND REAL ESTATE AGENT THAT BEST FIT YOUR NEEDS



Full-Service Model

Commissions are negotiable at any point during the home buying process



Flat Fee Model

Negotiate a set price per service



Reduced Service/ Discounted Fee Models

Flexible offerings and pricing

🔍 DID YOU KNOW?

91%

of homebuyers would recommend their agent, but if you're part of the remaining 9%, there are more

3. LET THEM DO ALL THE HARD WORK AND TAKE THE STRESS OUT OF YOUR HOME SEARCH



88% of Americans purchase their home through a real estate agent or broker.

Regardless of how you find a property, real estate agents are there to show and research every home that fits your needs.



Real estate agents also navigate:



Community knowledge such as local property taxes and providing objective resources on schools and neighborhoods.



Financial aspects like coordinating with lenders and researching mortgage rates.

How Real Estate Commissions Work

In order to understand how real estate commissions are paid, it's necessary to first understand the tool used in the vast majority of all home purchases: a Multiple Listing Service.

Multiple Listing Services, or local broker marketplaces, are essentially databases of all the homes for sale in a given market, maintained in most cases by local REALTOR® associations. Local REALTOR® associations also make most of this information publicly available for free, and each database often feeds home search sites.

When a seller lists a property on one of these local broker marketplaces with a listing broker, they get access to the largest pool of possible buyers that have been brought to the marketplace by buyer brokers. Meanwhile, buyers can work with any broker and see ALL homes for sale.

So where do commissions come in? Typically, the seller's broker pays the buyer broker's commission for finding a ready, willing and able buyer. This creates a larger pool of buyers for sellers and saves sellers time and money by working with an established group of brokers. For buyers, it saves them money at closing and enables the buyer to receive professional representation.

THE SKY IS
FALLING!
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LIFE IS FULL
OF CHOICES



Thank you for joining us!