

### Guide to Buyer Agent Compensation

The real estate industry is evolving, and compensation structures for buyer agents are shifting. To stay compliant and provide value to clients, REALTORS® must be aware of the options available and how to communicate them effectively.

#### Key Principles to Follow

##### ✔ Cooperation vs. Compensation

- REALTORS® are required to cooperate with other brokers when it serves their client's best interest: (Article 3 of the Code of Ethics).
- Cooperation does not mean compensation is required.

##### ✔ Compensation Models

- Compensation can take various forms:
  - Percentage of sale price
  - Flat Fee
  - Retainer
  - Professional Service Fee
- Offers of compensation must be handled off MLS, and each brokerage may approach it differently.

##### ✔ Client-Driven Decisions

- The client decides what is in their best interest – not the broker.
- Brokers should provide options and explain the pros and cons.

##### ✔ Clear & Transparent Communication

- Brokers must disclose compensation terms in buyer agreements, listing agreements, and contracts.
- Avoid misleading or steering buyers based on compensation.

##### ✔ Negotiation & Value

- Buyer's brokers should remind clients of their value rather than negotiate away their compensation.
- Sellers can negotiate buyer broker compensation, similar to concessions.

##### ✔ Professionalism Matters

- A professional image reinforces a broker's value.
- Keep discussions factual and avoid using metaphors when explaining compensation.

#### Checklist for REALTORS®

##### ✔ Understand & Explain Buyer Broker Compensation

- Be knowledgeable about all compensation options (percent, fees, retainers, etc.).
- Clearly explain compensation to clients without dictating terms.
- Educate clients on their ability to negotiate compensation.

##### ✔ Ensure Compliance with Legal & Ethical Standards

- Cooperate with other brokers unless it is against the client's best interest.
- Do not steer buyers away from listings based on compensation.
- Ensure offers of compensation are handled off MLS in compliance with rules.

##### ✔ Use Clear & Professional Language

- Use "compensation" or "professional service fee" instead of "commission."
- Explain compensation using numbers rather than percentages or metaphors.
- Provide accurate paperwork reflecting compensation agreements.

##### ✔ Document Everything Properly

- Buyer agreements must clearly outline how the broker is compensated.
- Listing agreements should inform the seller about compensation policies and how compensation is paid, if applicable.
- Ensure compensation details are included in the settlement statement.

##### ✔ Stay Informed & Educated

- Review state and association forms to understand all compensation options.
- Refer to NAR and your local board for updates on policies and best practices related to compensation disclosures and compliance.
- Participate in ongoing education to stay compliant with evolving rules.

##### ✔ Maintain Professionalism in All Transactions

- Always reinforce your value to clients.
- Present yourself professionally to gain trust and credibility.
- Handle compensation discussions ethically and transparently.

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