

ANSWERS TO YOUR COMPENSATION QUESTIONS



Recent lawsuits regarding real estate broker compensation have generated many questions and concerns about its potential impact on our real estate practices here in North Carolina. Keep the following in mind:

Broker compensation is negotiable

There is no association rule or policy that sets compensation amounts or requires brokers to use any specific compensation structure. Brokers may negotiate with clients on their specific fees and services. There are many different compensation models brokers may utilize, such as commission-based, flat fee, hourly fee, or task-specific fees, offering consumers a wide array of options in brokerage models, fees, and services. This flexibility fosters a competitive environment and empowers consumers to select the arrangement that best suits their needs and preferences.

Firms must set their fees independently

While some competing firms might charge the same amounts, they must independently arrive at their fees. Firms should never discuss setting fees with competitors; it is a violation of antitrust laws.

Be completely transparent about fees with clients

Discuss fees with clients up front and get compensation details in writing. Please use the following NC REALTORS®-approved forms:

Form 101:

Exclusive Right to Sell Listing Agreement

Form 103:

Exclusive Right to Sell Listing Agreement – Vacant Lot/Land

Form 201:

Exclusive Buyer Agency Agreement

Form 401:

Exclusive Property Management Agreement (Long-Term Rental Property)

Form 402:

Exclusive Property Management Agreement (Vacation Rentals)

Demonstrate your value

Prospects and clients won't know the extent of the work you do on their behalf unless you tell them. Create lists, marketing materials, and presentations that detail all the services and benefits you provide.

Scan this QR Code for NAR's list of nearly 300 ways REALTORS® bring value and are worth every penny of their compensation.



FAQ

Can listing brokers still offer cooperating compensation?

Yes. No court ruling or NAR policy change prohibits listing brokers from offering compensation to cooperating brokers.

What should listing brokers discuss with sellers about cooperating compensation?

You should explain the benefits of offering cooperating compensation, such as increasing interest among buyers. Ultimately, any cooperating compensation must be negotiated between the seller and listing broker.

Can sellers and listing brokers refuse to offer cooperating compensation?

Yes. NAR model MLS rules require listing brokers to specify cooperating compensation in order to put a listing in the MLS. However, model MLS rules do not set compensation amounts. Some MLSs allow the amount of compensation entered to be zero. Other MLSs require a nominal positive amount to be entered of at least one dollar or one cent, which is effectively zero.

How can I ensure I am fairly compensated as a buyer's broker?

Negotiate your fee with your buyer and make sure the buyer agency agreement states exactly what you will be paid. Make sure any other compensation you receive is disclosed to your client. Remember that cooperating compensation offered in the MLS is negotiable. You can use **Form 220** to negotiate cooperating compensation with the listing agent prior to submitting an offer.