



MLS
MULTIPLE LISTING SERVICE

Lawsuits Update

How You Can Get Prepared



Get Prepared Now...Don't Wait

- **Learn/Practice Contractual Buyer Brokerage**
How to List Buyers, How to Explain and Negotiate Buyer Commissions, and How to Include fees in Deals
- **Train on Buyer Representation—Take ABR**
- **Develop/Deliver Greater Market Knowledge**
Buyers Expect (and get) Quality Market Intelligence
- **Create A Compelling Buyer Value Proposition**
- **Tell the MLS Benefits Story Better**



www.competition.realtor

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Competition in Real Estate

REALTORS® are mostly small business owners who work to ensure buyers and sellers have the greatest access, transparency and choice through independent, local broker marketplaces that level the playing field for all types and sizes of brokerages.

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[Fostering Competition](#) [Consumer Access & Opportunity](#) [REALTORS® as Champions](#) [In the News](#) [FAQ](#)

Have the Commission Conversation

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 provided 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. There are several 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 agent's customer service approach. In the full-service approach, commissions are negotiable at any point during the home buying process. The reduced service approach 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 generally 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 shares 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 4.9% in 2020.

4. **Commissions cannot be included as part of a mortgage.**
The vast majority of mortgage lenders do not allow commissions to be added to home loans. For many, paying for a down payment is difficult enough. If you had to pay commissions directly on top of that closing costs, it would increase that out-of-pocket expense in a way that would pass on many from an already competitive market. That's especially true for first-time and low- and middle-income buyers, and communities of color that disproportionately fall in those categories.

5. **REALTORS® are bound by a strict code of ethics in the home buying process.**
REALTOR®s are bound by their Code of Ethics to always put their clients' best interests first, including offering honest and full buyer needs regardless of commissions involved. Additionally, in November 2020, NAR introduced its Fair Housing Action Plan, abbreviated "FACT," which emphasizes accountability, disclosure, change and opening in order to ensure America's 15 million REALTOR®s are doing everything possible to protect housing rights in America.

6. **Broker cooperation keeps local broker marketplaces from fracturing.**
Because of broker cooperation, buyer and seller brokers are incentivized to share their information in their local, independent broker data hub. Without it, lack of complete, transparent and accessible data for all would mean smaller brokerages and new entrants have to prearrange information and couldn't offer as many options to sellers and buyers, and larger brokerages would dominate local markets, creating emerging behaviors that would drive up costs.

7. **Broker cooperation sets the U.S. real estate industry apart from the rest of the world.**
The U.S. model has long been—and is still—viewed as the best option for consumers around the world. Buyers abroad are forced to wade through a complex and fragmented market where they have to work with multiple brokerages and where there is no industry standard for fees through. Conversely, the homebuying process abroad is similar to buying a car in the United States where you have to go dealer to dealer. It's very time-consuming and expensive. It's also common for brokers to charge fees and take in other countries that add up to the equivalent or greater of costs associated with buying and selling property in the U.S., yet only provide a fraction of the services consumers receive here.

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TOOLS TO HELP EXPLAIN

- How Commissions Work (Co-Broke)
- How and Why the Current Structure Benefits Both Buyers & Sellers
- Commissions Truly Are Negotiable

**Tell Your Own Story
Or Someone Else Will!**

www.RealEstateCommissionFacts.com



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

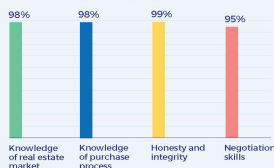
- Coordinate with lenders
- Research mortgage rates and terms
- Schedule appraisals and inspections



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 and 2020 Profile of Home Buyers and Sellers Reports.

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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
- ☐ 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, **91%** of home buyers say they would engage their real estate agent again or recommend them to others.

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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REALTOR® Value Proposition

Creating an Outstanding Consumer Experience

- **Highly Ethical Business Practice, Providing Quality, Personalized Communication** (Consumers & Agents)
- **Hyper-Local Market Expertise & Knowledge**
- **Transform Data to Actionable Market Intelligence**
- **Streamline the Complex NY Transaction Process**
- **Deliver Tangible Negotiation Benefits and Success**

www.TheDifference.realtor

THE REALTOR® DIFFERENCE AT WORK FOR YOU

- 1 REALTORS® ARE COMMITTED TO A CODE OF ETHICS**
When you work with a REALTOR® you work with a professional committed to safeguarding the rights of home buyers and sellers.
- 2 REALTORS® ARE INVOLVED IN THE LOCAL COMMUNITY**
REALTORS® are deeply involved in the community and volunteer at more than twice the rate of the general population.*
- 3 REALTORS® PARTICIPATE IN ADVANCED TRAINING**
REALTORS® continue their education through member-only resources and exclusive tools that help them better serve their clients.
- 4 REALTORS® ADVOCATE FOR PROPERTY OWNER RIGHTS**
Through local, state and national advocacy efforts, REALTORS® seek to preserve, protect and advance property rights for all.
- 5 REALTORS® FIGHT FOR FAIR HOUSING**
REALTORS® adhere to a standard that requires equal professional service, because all properties should be open and feel welcome to all.

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Visit thethedifference.realtor

*NAR's 2020 CARE Report

THAT'S WHO WE ARE
REALTOR

The REALTOR® Difference
Tools and Marketing Material
Helping you communicate
your value as a REALTOR®

ETHICS, EXPERTISE AND EDUCATION

The REALTOR® difference at work for you.

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R
REALTOR

What's your story?

Taking Control of Your Narrative

Have the MLS Value Conversation

TOOLS TO HELP EXPLAIN

- How the MLS Makes Markets Work and the Transparency it Brings
- The Value of Orderly and Efficient Market Platforms for Consumers
- How MLS Makes Active Inventory Accessible to All Potential Buyers

***Tell the CYNIS Story
As a Benefit For All!***

LOCAL 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 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 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 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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