



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**



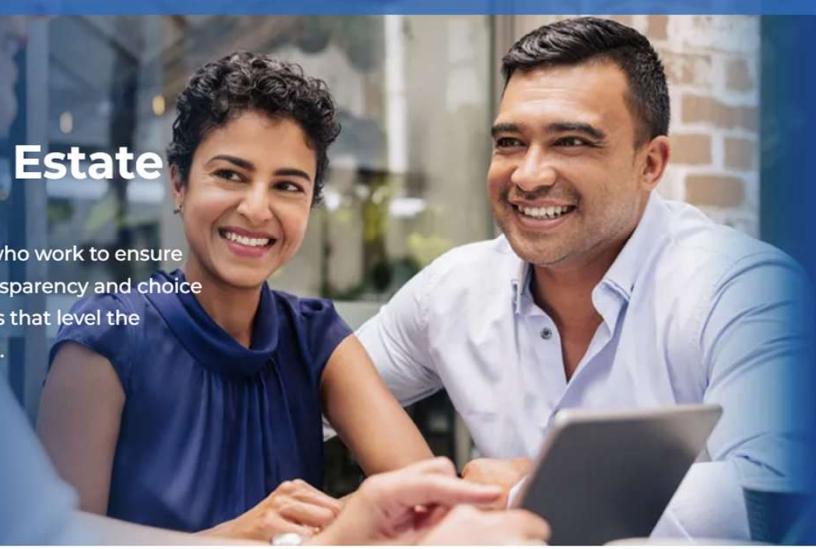
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Competition in Real Estate

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 listing broker determine the amount of commission they will pay for the services it provides to the seller. The listing broker and seller split the costs and agree upon an amount that the seller is willing to pay and the listing broker is willing to accept. This is a negotiation between the seller and the listing broker. Here are seven additional things you need to know:

- 1. Commissions are always negotiable.** The seller and listing broker can negotiate the amount of commission paid 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 to determine the amount of commission they are willing to pay and the listing broker negotiates with a cooperating buyer broker for finding someone who wants to buy their home.
- 2. There are different commission models to choose from.** The free market organically establishes commission costs within local real estate markets based on the needs of the market. The listing broker's compensation is determined by the seller and the listing broker's compensation is determined by the buyer. The reduced service/discounted fee model allows for flexible offerings and pricing. This model is becoming more prevalent in recent years and having fallen to a new low of 4.54% in 2020.
- 3. Commission rates are set by the market.** The vast majority of mortgage lenders do not allow commissions to be added to home loans. For many, this is a good thing as it prevents the seller from having to pay a commission on top of closing costs. It would increase their out-of-pocket expenses in a way that would freeze out many from an already competitive market. It's especially true for first-time and low- and middle-income buyers, including veterans and military families, who are often required to pay a down payment and closing costs.
- 5. REALTORS® are bound by a strict code of ethics in the home buying process.** REALTORS® are bound by NAR's Code of Ethics to always further clients' best interests, including the local, independent broker model. NAR's Code of Ethics was updated in November 2020. NAR introduced its Fair Housing Action Plan, abbreviated "A3," which emphasizes accountability, transparency, and diversity and inclusion. It also emphasizes that REALTORS® are doing everything possible to protect housing rights in America.
- 6. Broker cooperation keeps local real estate market from fracturing.** The U.S. model has long been – and is still – viewed as the best option for consumers around the world. It's a model that allows consumers to have the greatest access to the widest range of choices with multiple brokerages and where there is no exclusivity so sales can fall through. Generally, the U.S. model is the most efficient and cost effective way to buy and sell a home. It's a model that's easier to do business in, yet it's the most common for brokers to charge fees and commissions. It's a model that's the most transparent and consumer friendly. It's a model that's selling property in the U.S. yet, yet only provide a fraction of the services consumers deserve 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

NAVIGATING THE BUYING PROCESS

Real estate agents wear many hats...

Community

- Know 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

Category	Satisfaction Level
Knowledge of real estate market	98%
Knowledge of purchase process	98%
Honesty and integrity	99%
Negotiation skills	95%

Data according to National Association of REALTORS® 2019 and 2020 Profile of Home Buyers and Sellers Report

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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.

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 property
- 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
Tools and Marketing Material
Helping you communicate
your value as a 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		A WORLD WITHOUT LOCAL BROKER MARKETPLACES:	
WHAT LOCAL BROKER MARKETPLACES DO FOR YOU:		Multiple listing Services (MLS) 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 housing dream of homeownership while also exposing a seller's property to the greatest number of potential buyers.	
			
Largest databases of available homes	No centralized source of available homes	Most up-to-date home status information	Outdated home status information
			
Maximized visibility of homes for sale	Fewer homes for buyers to choose from on real estate websites	Verified, trusted, detailed and accurate property information	Unverified, inaccurate and unreliable property information
			
Facilitate cooperation between buyer and seller brokers	Buyersellers would likely have to pay to list on websites		
Equal opportunity for all home buyers and sellers	Residents without access to brokerages would have fewer options		
Easy to find the agent selling the home	Inconsistent broker information in listings across marketplace		Markets become broker-controlled
Level playing field between large and small brokerages			

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