

How Do Realtors Get Paid?

How Realtors get paid & by who?

Realtors make money on **commission**: They only get paid when they sell a house or help someone buy a house. The standard Realtor commission in the United States is around 6 percent, which is evenly split between the seller's agent and the buyer's agent. The person who sells the home is responsible for paying the entire commission.

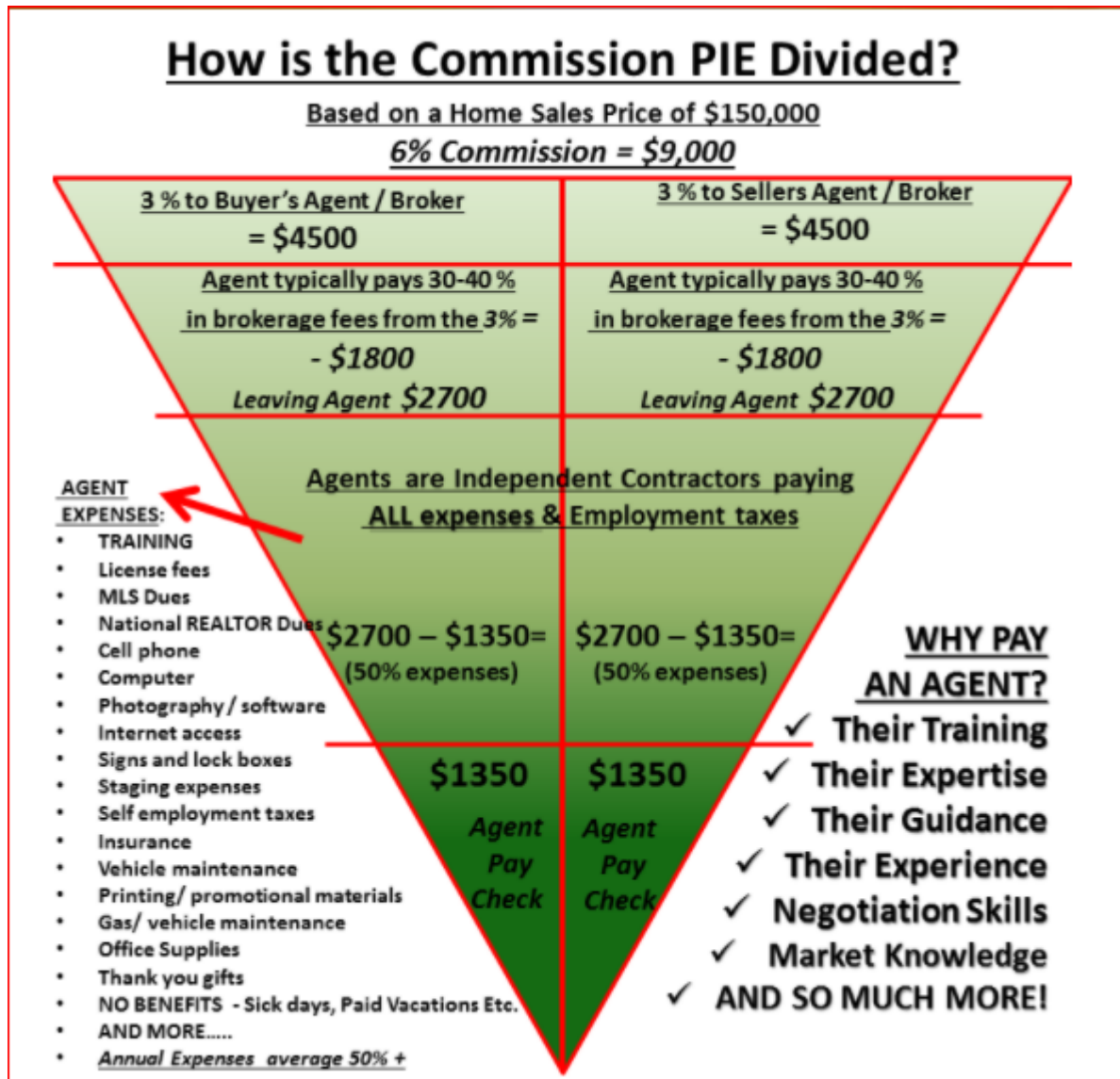


How much of that commission the Realtor actually takes home depends on a few factors. Many Realtors work for small or large real estate firms. It's common for a Realtor to pay 30 to 50 percent of his or her commission to the firm, leaving as little as 1.5 percent in the Realtor's pocket. Even if a Realtor doesn't work directly for a firm, he or she might work with a real estate **broker** who provides the Realtor with referrals. That broker will also want a cut. Self-employed Realtors can keep all the commission, but they run the risk of losing business to larger competitors.

Commissions are negotiable, but you get what you pay for! The idea is that the level of service offered by a certified Realtor is worth the full commission. In fact, the NAR claims that in 2017, homes represented by a certified Realtor sold for 16 percent more than homes that didn't use a Realtor.



How is the Commission divided?



Selling a house can be a complex process. A Realtor can help you at every stage, from setting a price to marketing the property to closing the sale.

What a Realtor does for the commission !

Setting the Price.

The selling process generally begins with a determination of a reasonable asking price. Your real estate agent or Realtor can give you up-to-date information on what is happening in your local marketplace, as well as the price, financing, terms and condition of competing properties. These are key factors in marketing your home and selling it at the best price. Often, your agent can recommend repairs or cosmetic work that will significantly enhance the salability of the property.

Marketing.

The next step is a marketing plan. Marketing exposes your property to the public as well as to other real estate agents through a Multiple Listing Service, other cooperative marketing networks, open houses for agents, and so on. In many markets, a substantial portion of real estate sales are cooperative sales; that is, a real estate agent other than yours brings in the buyer. The Realtor Code of Ethics requires Realtors to use these cooperative relationships when they benefit clients.

Monitoring, Renegotiating and Closing.

Between the initial sales agreement and the closing (or settlement), questions may arise. For example, there are unexpected repairs that require the buyer to obtain financing, or a cloud in the title is discovered. The required paperwork alone is overwhelming for most sellers. Your agent is the best person to objectively help you resolve these issues and move the transaction to closing.

Negotiating.

Your agent can help you objectively evaluate every buyer's proposal without compromising your marketing position. This initial agreement is only the beginning of a process of appraisals, inspections and financing -- a lot of possible pitfalls. Your agent can help you write a legally binding, win-win agreement that will be more likely to make it through the process

The Benefits of using a Realtor

As the past few years have taught us, buying or selling a home is not a decision to be made lightly, nor without professional guidance. Yet buying or selling your home is one of the most fulfilling, emotional and stressful things we can do in this world.

Whether you are in the market to sell or buy, or both, it is very important to work with someone that you can trust. There are many people who can complete the forms that protect you and limit your liability, but only REALTORS® are ethically bound to be your fiduciary.

Getting the Realtor Guarantee

All real estate licensees are not the same. Only real estate agents who are members of the National Association of Realtors are called Realtors. They proudly display the Realtor logo on their business card, website, and marketing. Realtors subscribe to a strict code of ethics and are expected to maintain a higher level of knowledge of the process of buying and selling real estate. Realtors are committed to treating all parties to a transaction honestly. An independent survey reports that almost 85 percent of home buyers would use the same Realtor again.

Getting Expert Assistance

Finally, consider the scale of your transaction. Selling your home is one of the biggest financial decisions you'll make. Transactions today usually exceed \$100,000. If you had a \$100,000 income tax problem, would you attempt to solve it without the help of a CPA? If you had a \$100,000 legal question, would you deal with it without the help of an attorney? Considering the relatively small cost of hiring a Realtor and the large potential risk of not hiring one, it's smart to find a professional to sell your home.