

**SPECIAL REPORT:**

# **WHAT ARE REAL ESTATE BROKERS PAYING THEIR AGENTS?**

Running a successful brokerage isn't always easy.

Managing the brokerage income and expenses is a task you can't avoid. But how do you increase your company's income?

Hire more agents?

Give them more office support so they have time to sell more homes?

Give them more training to build their skills to create more transactions?

These are all viable options. One other option is to re-evaluate your existing commission structure.

Offering a competitive commission structure can encourage your agents to sell more with rising percentages based on annual volume or income. The more they sell as the year progresses, the higher their split climbs. A competitive commission offering can also help you recruit more experienced agents from your competition.

It is sometime difficult to find out what your competition is offering, you can't just called and ask them in most cases. I was recently asked if REBR could help gather some commission plans from brokerages from across the state so brokers could evaluate how their current commission offerings stack up!

The following commission structures have been collected from brokers in various geographic areas across the state, metropolitan and rural, as well as brokerages of all sizes.

## Brokerage #1

### (PLAN A) SALES ONLY

0	-	7500.00	50%
7501.00	-	12500.00	51%
12501.00	-	17500.00	52%
17501.00	-	22500.00	55%
22501.00	-	27500.00	60%
27501.00	-	32500.00	65%
32501.00	-	37500.00	70%
37501.00	-	42500.00	75%
42501.00	-	52500.00	80%
52501.00	-	62500.00	85%
62501.00	-	72500.00	90%
72501.00	-	82500.00	95%
82501.00	-		100%

**\*\* LICENSEE'S WHO EARN ABOVE \$42,500.00 IN THE LAST FISCAL YEAR WILL BE ALLOWED TO MOVE TO PLAN B COMMISSION SCHEDULE AS FOLLOWS...(COMMISSION SCHEDULES ADJUSTED EVERY FISCAL YEAR)**

### (PLAN B) SALES ONLY

0	-	7500.00	55%
7501.00	-	12500.00	56%
12501.00	-	17500.00	57%
17501.00	-	22500.00	58%
22501.00	-	27500.00	60%
27501.00	-	32500.00	65%
32501.00	-	37500.00	70%
37501.00	-	42500.00	75%
42501.00	-	47500.00	80%
47501.00	-	52500.00	85%
52501.00	-	57500.00	90%
57501.00	-	62,500.00	95%
62501.00			100%

**\*\*LISTING COMMISSIONS WILL CONTINUE TO BE 50% OF THE LISTING SIDE FEE**

**EXAMPLE:**

\$50,000.00 House = \$3,500.00 Brokerage fee

Commission split on co-op sales will be  $3,500.00 \times 50\% = \$1,750.00 \times 50\% = 875.00$

In-House calculation  $\$3,500.00 - 25\% \text{ List fee} = \$2,625.00 \times 50\% = \$1312.50$ .

1. A Transaction Fee of 6% will be deducted from each Salesperson's brokerage fee upon closing of a transaction
2. A Risk Management fee of \$30.00 per transaction will be charged at each closing.
3. On March 1 of each year, brokerage sales revert back to the beginning compensation of the plan that you qualify for.
4. When two salespeople list a property together, both of their names will appear on the Authorization to Sell Agreement and they will share the listing fee.
5. When two or more Salespeople work together with a prospect and affect a sale, they will share the selling fee as agreed between the individuals or management.
6. Any Salesperson who sells or purchases a property for their own residence shall be allowed to keep the office share of the listing or selling fee from the brokerage commission less the transaction fee of 6% and the Risk Management fee of \$30.00. Because it is the company's policy to encourage all agents to list their homes through the office.
7. All agreements between Salespeople, not outlined in this Manual, shall be submitted in writing to the Broker.
8. All Salespeople are required to furnish proof of their transactions being closed (a closing statement signed by both buyer and seller) before fees will be disbursed.
9. If a Salesperson leaves the office, 25% of the Salesperson's fee on any transactions pending may be retained for follow-up completed by the Company.
10. If a Salesperson earns a paperwork fee assisting on a transaction, the fee will be split 50-50.
11. Referral fees will be compensated at the level a Salesperson has reached at the time of closing.
12. A fee of \$150.00 is the recommended charge for Broker Price Opinions (BPO's). The fee will be split 75% to the sales associate and 25% to the Company.
13. The Company will participate on closing gifts for Buyers up to \$25.00 per closing.

## Brokerage #2

Commission Splits for Real Estate Listings and Sales:

20% of listing side (100% total)

35% of selling side (100% total)

If agent lists and sells their own listing, agent shall receive 60% of the total commission.

Cooperative listings or sales will be split 50/50 between agent and broker.

Any referral fees initiated by agent will be split 50/50 with

Referral fees to be paid for an incoming referral shall be taken of the top of the commission before splits are made.

Any BPO/CMA fees that agent receives upon completion; agent will get 100% of money as long as agent completed the BPO/CMA with no help from broker.

FSBO sales will have 20% for office expenses off the top to \_\_\_\_\_ and the remaining 80% will be split 50/50 between the agent that initiated the contact and the agent that sold the property.

If agent sells a home warranty, the agent gets the sales fee from it. Agent has to enter the warranty information and maintain the warranty contract for buyer.

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**COMMISSION INCENTIVE PROGRAM**  
**Attachment**

The commission division between any ASSOCIATE and shall be determined as follows:

Level 1:	60/40	Beginning each anniversary year until the agent has paid	\$30,000.
Level 2:	70/30	From \$30,001 to \$40,000 Paid	
Level 3:	75/25	From \$40,001 to \$50,000 Paid	
Level 4:	80/20	Over \$50,001 Paid	

**Note:**

- A. These commission divisions will apply on all sales and leases whether in-house or co-op.
- B. Qualifications begin on the anniversary date and continues for one year.
- C. If a sale is signed prior to the end of the anniversary year, but closes after the beginning of the new anniversary year, the agent shall be paid on the basis of qualification attained at the time the sale was written.

\_\_\_\_\_  
Associate Initials

\_\_\_\_\_  
Broker Initials

## Brokerage #4

### Agent Agreement

**OUR GOAL** - Be the leading \_\_\_\_\_ by providing the highest level of professional service, skill and expertise. Our success is achieved by combining efforts and automating systems for marketing, administration, support and branding.

**PHILOSOPHY** - To always be professional, respectful and provide the highest level of service for our clients. We treat our vendor partners and other Realtors with the same high level of respect and service.

**RELATIONSHIP** - Associates are independent contractors.

**FULL TIME EFFORT** - Consistent with the level of service all members of the Group agree to make real estate a full time endeavor.

**TRANSACTIONS** - The associates transactions may be under their name or the group leader's name.

**VENDORS PARTNERS** - To forge strong relationships, all \_\_\_\_\_ members will use the same vendor partners whenever practical. Title, Mortgage, stagers, handymen, etc. The vendors are listed on HomeSpotReferrals.com.

### COMMISSION SPLIT / COMPENSATION PLAN >>

The \_\_\_\_\_ provides more services, support and deliverables. Members of the group gets priority allocation of the Group's leads.

**SPLIT - 10%** of the gross commission or referral fee on the first \$100,000 of GCI and 5% on commissions over \$100,000 gci in a calendar year. "**COMMISSION**" includes any bonus and/or any compensation that would appear on a 1099.

**TRANSACTION FEE - \$250** - This is collected on all transactions.

**MONTHLY FEE - \$75** - This fee is waived in any month that the agent closes a transaction. The fee is waived if agent closed over 12 homes in the previous 12 months. Also, this fee is waived for the first 6 months of joining

**ANNUAL TECH FEE - \$150 - Paid by** \_\_\_\_\_ pays this fee for the agents on our team.

**E & O FEE - \$0.00** - This is included in the transaction fee. The associate agent is responsible for the deductible and any fees incurred in any issues they bring the company into.

## Associate Agreement (con't)

### **ASSOCIATE BUYER LEADS / CLIENTS - Includes sign calls on your listings.**

split is 10% of the Gross Commission and a \$250 Transaction Processing Fee.

Transaction Coordinator Fee is \$250 if agent elects to use staff help on the transaction. If agent does not use the coordinator, there is no charge.

### **ALL BUYER LEADS FROM**

split is 30% of the Gross Commission and a \$250 Transaction Processing Fee.

Associate split is 70%

### **ASSOCIATE'S LISTING LEADS OR GROUPS - Marketed through the group's systems**

split is 30% of the Gross Commission and a \$250 Transaction Processing Fee.

pays the \$350 listing coordinator fee, the \$250 transaction coordinator, CSS, yard sign, lock box and listing coordinator is included. Listing must be run through

Associate split is 70% + Staging & Photography costs are extra (if needed)

### **ASSOCIATE'S LISTING LEADS OR GROUPS - Marketed through the associate's systems**

split is 15% of the Gross Commission and a \$250 Transaction Fee.

Associate split is 85% + and pays all costs to market the property, such as the photographer, associate creates flyers, promotional material, & staging associate pays directly to the vendors. Associate Pays Centralized Showings Fee. Associate pays the \$250 transaction coordinator and \$350 listing coordinator if they elect to use these services.

### **PAST CLIENT REFERRALS**

split is 40% of the Gross Commission plus a \$250 Transaction Processing Fee.

Associate split is 60%

### **PAYS FOR MEMBERS -**

Transaction Processing on our transactions. Listing Coordinator on our transactions  
Yard Signs, Open House Pointers, Directional Pointers, Lock Box Rental for groups listings, CSS  
Group Brochure, Business Cards, Brand Advertising, Group Web Sites  
J/L - J/S Cards Buyers and Listings (unless associate chooses to pay for marketing on listings)

## Associate Agreement (con't)

### **ASSOCIATES PAY -**

iBox Key Fee, MLS Fees, KCRAR Fees, License Fees,  
Listing Advertising, Open House Ads (if desired), Property Photos on your listings  
Cell Phone (Office phone extension is included), Home Office Phone (if desired)  
Education/CE (Free from KCRAR)  
Entertainment, Networking (Chamber meetings under the groups memberships are no cost)  
Taxes  
Auto Insurance - With Named as co-insured with at least \$1m in coverage.  
Name Riders (if desired) & Yard Signs if agent wants them under their name

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### **SEPARATION -**

If you decide to either break off from the group or move to another broker, you may do this at any time. You are not to permitted to take the groups' clients or solicit them for 2 years. You are free to solicit clients that you acquired.

Under state law, listings are owned by the broker. However, if any clients that you acquired desires to cancel the listing and re-list with you the group will agree. In some cases, at the group's option, it may request reimbursement for marketing costs. Any buyer clients that you acquired may go with you if they desire. Any buyers or sellers that the group acquired will remain with the group, unless the group agrees otherwise. If the group agrees to release the client to the associate, the associate agrees to pay a 25% referral fee.

Any sales contracts, either on listings or buyers' offers placed before the separation date are subject to the above splits.

All signs, lock boxes, office keys, flyer holders and other group property will be returned immediately.

If you desire to leave the business altogether, and would like the group to purchase your practice, we will continue to market to your SOI / Client list and pay you a 25% referral for up to 3 years after your leaving. Under the real estate laws, in order for you to receive commission, you are required to keep your license active in the referral network.

**This plan is effective 2-1-14**



## Brokerage #5

### New agents:

50% of net commission (gross commission less 8% fee) less technology fee until they reach \$10,000.00 in earned commission income. Then they go to standard plan and remain there as long as they sell for me.

### All veteran agents:

60% of net commission income (gross commission less 8% fee) less technology fee.

### Agent Bonus:

Once an agent has received \$30,000.00 in earned commission income they will receive a 10% bonus on commissions earned for the balance of the calendar year. This resets every January.

### Technology fee:

\$75.00 if	has one side of the transaction
\$100.00 if	has both sides of the transaction to be split 50/50 between listing and selling agent.

## Brokerage #6

Np, it's real simple: 100%, \$9800 year assoc. Fee, \$399/file

# Brokerage #7

## INDEPENDENT CONTRACTOR AGREEMENT

### Exhibit A

This exhibit shall become part of the Independent Contractor Agreement between  
doing business as \_\_\_\_\_ and the person named in the attached agreement.

### IT IS AGREED

Deductions from all compensation will include a 3.5% advertising fee for various National and Local Advertising Fees. In addition a fee of \$20 per transaction shall be deducted for E & O Insurance coverage. The commission will then be divided as indicated below.

Earnings	IN HOUSE SALES			CO-OP SALES		
	Sales Commission		Listing Commission	Sales Commission		Listing Commission
0-5,000	70%		40%	50%		40%
5,000-10,000	70%		45%	50%		40%
10,000-20,000	75%		45%	52.5%		40%
20,000-25,000	77.5%		47.5%	55%		45%
25,000-30,000	80%		50%	60%		45%
30,000-35,000	85%		50%	60%		50%
35,000-40,000	85%		55%	62.5%		55%
40,000-45,000	90%		55%	62.5%		55%
Above 45,000	90%		60%	62.5%		60%

\_\_\_\_\_  
Salesperson