How Broker Compensation Works in Residential Sales

Using the New Promulgated Forms for Residential Sales Transactions.

FULLY NEGOTIABLE

Compensation is not set by law, the association of REALTORS®, or the MLS. It is fully negotiable between the clients and their brokers.

Each broker is paid by their own client—and the parties may contribute to the other party's broker's fees, if they choose.

THE FOUR PARTIES & THEIR AGREEMENTS

SELLER

LISTING AGREEMENT
TXR 1101
Seller agrees to pay listing broker

LISTING BROKER

ONE TO FOUR CONTRACT
binds the buyer & seller

BUYER

BUYER REP AGREEMENT
TXR 1501 [LONG]
TXR 1507 [SHORT]
Buyer agrees to pay buyer's broker

BUYER'S BROKER

The buyer or seller can agree in the contract to contribute an amount to the other party to assist in paying that party's broker.

[**Paragraph 12B(1)** Seller contributes to Buyer] →

← [**Paragraph 12B(2)** Buyer contributes to Seller (NEW)]

MAX
from any source

BUYER'S REPRESENTATION AGREEMENTS

Under the NAR settlement in the Sitzer/Burnett case, the most a buyer's broker may receive from any source is the amount agreed to in the buyer representation agreement.

A written buyer representation agreement must be entered into before showing a home or, if no homes are being shown, before presenting an offer.

TEXAS REALTORS®

BOTTOM LINE: Each broker is paid by their own client through their own agreement. The buyer and seller may contribute to the other party via Paragraph 12B of the contract.

QUESTIONS? Call the Texas REALTORS® Legal Hotline 512-480-8200