



CONSUMER GUIDE: OFFERS OF COMPENSATION

What you should know...

As a home seller, you have a wide range of choices when deciding how to market your property. This includes whether you'd like to offer compensation to a buyer's agent as a way to attract potential buyers who are not able to pay these costs out-of-pocket or finance them. Here's what you need to know as you consider your options related to offering compensation:



What is an offer of compensation and why make one?

An offer of compensation is when you—the seller—compensates another real estate licensee who brings a buyer to successfully close the transaction. Few buyers can afford to pay a cooperating broker out-of-pocket and few, if any, lenders allow a buyer to finance these costs. Offers of compensation help reduce out-of-pocket costs for prospective buyers, which in turn may bring more potential buyers for the transaction. These costs can be especially significant for first-time buyers, lower- to middle-income buyers, or those from underserved communities.



Are offers of compensation mandatory?

No. It is up to you to determine if making an offer of compensation is the best approach for selling your property. Agents who are REALTORS® are here to help answer your questions and guide you to make a decision that works for you.



Source: National and RI Associations of REALTORS® | Sept 2024



What types of compensation can I offer?

There are many options available to you as a seller to discuss with your agent. These could include a dollar amount, percentage or other options paid directly to the cooperating broker at the time of closing. Beyond compensation, you could also consider offering a buyer certain concessions, such as covering closing costs, to make the total home purchase more affordable for them.



How will a buyer know if you are willing to pay the cooperating broker?

If you approve a specific offer of compensation, you may wish to wait for a buyer to ask for compensation in the purchase and sales agreement before committing to a specific amount. Offers of compensation cannot be listed on Multiple Listing Services (MLSs) or other online platforms that compile home listings from many different sources.



Do I have to advertise an offer of compensation if I decide to make one?

No, it's up to you to decide. Advertising can help get the word out to bring more buyers to the table, but you can also choose not to advertise and instead negotiate the offer in a purchase agreement.



You mention concessions—what does that mean?

A seller concession is different than an offer of compensation. It is when a seller covers certain costs associated with purchasing a home for the buyer. Concessions can make home ownership more accessible for buyers by reducing upfront expenses. These can cover things like some transaction costs or property repairs.



How do I know what option is best for me?

When you work with an agent who is a REALTOR®, you are working with a professional guided by ethical duties under the REALTOR® Code of Ethics, including the pledge to protect and promote the interests of their clients. Your agent will work with you to weigh your options, answer questions, and develop a strategy you are confident in.