



Listing Commissions

Real estate brokers normally charge a commission for listing and selling your home. The rate varies, both by region and according to service level. In most areas the commission is calculated as a percentage of the sales price and rates of up to 7% are not uncommon. Your listing contract will specify both the amount of the commission and the timing for when it will be paid. Like everything else in real estate, commissions are negotiable.

Discount commissions

It wasn't too long ago that commissions below the "going rate" for an area were all but unheard of. These days though, there are many brokers and agents willing to list your home for considerably less than the 7% that might be typical for the area. You need to be aware though, that lower commissions are nearly always tied to lower levels of service. Most agents willing to list your home for a bargain commission rate aren't going to do any advertising or marketing of your home. They will probably just list it with the local MLS and put a sign in your yard, and that's about it. Meanwhile, a full service, full rate agent will probably spend considerable time and money to advertise and market your home – particularly to other agents in the area. So, when considering a low commission, be sure you know exactly what you'll be getting, and what you'll be giving up.

Often, lower commissions will be part of a package deal where you agree to use a particular mortgage broker or you agree to buy your next home through the same agent that sells your present one. There are some good bargains to be had with these package deals. But again, it pays to examine the details closely, and make sure the whole package fits your needs.



Paying commissions

It's important to understand how commissions are earned, and when they are paid. Your specific listing agreement will spell out the details. In general, a broker is considered to have held up his end of the bargain when he brings you a "ready, willing and able" buyer. If the broker finds such a buyer, and you change your mind and back out of the deal at the last minute, the broker is probably going to expect you to pay the commission anyway, since he did his job.

