

# Brokerage Fees Explained

When you list your property with a Real Estate Firm the **Total Brokerage Fee** to be paid to the Listing Firm by the Seller will be specified in the Listing Agreement. Out of that amount, it is customary for the Listing Firm to offer a certain percentage of their fee to a cooperative Broker who may represent a Buyer. This portion of the **Total Brokerage Fee** can be any amount the Listing Firm & the Seller decides to offer, there is no set amount. In theory it could be zero but keep in mind a Buyer's Broker is under no obligation to show properties where there is no written agreement with a Seller to pay them compensation.

By the same token, there is nothing unethical about a Buyer's Broker asking for compensation from the Seller in the Purchase & Sale Agreement. In SW Washington the usual commission offered to a Buyer's Agent is mainly 2.25% although you may see 1%, 2%, 2.5%, 2.7%, 3% or higher especially if it is Vacant Land. In Seattle you tend to see 3% being offered most of the time. If you've ever driven around the Seattle area you would probably understand why! When comparing the services of competing Brokers, a Seller should be aware of **ALL** costs they are being asked to pay, not just the Listing Fee. For example, a Firm may offer a 1-2% Listing Fee but they specify elsewhere that the Seller may also be responsible for a Buyer's Agent Commission and/or administrative fees in addition to the Listing Fee. A Seller should look at the **Total Brokerage Fee** being charged when comparing Firms. In reality, Brokerage Fees are typically divided four ways, between the Listing Firm/Listing Agent and the Selling Firm/Selling Agent. But for this illustration let's just look at how the two main components are apportioned in my **3.75% Total Brokerage Fee**:



In my experience it is good practice to specify the amount that will be offered to a cooperative member in the Listing Agreement. Each party plays an important role in the sale of your property and are compensated accordingly at competitive market rates. Specifying the compensation up-front ensures there will be no misunderstandings down the road.

**"Listing and Selling Agents both play an important role in the sale of your property"**