

Buyer Brokerage Compensation

Every MLS® Listing must include an offer of compensation to the Buyer Brokerage. An offer of zero is not acceptable. Any amount above zero, even \$1, meets the rule.

Why compensation is required

CREA requires every real estate board and association that runs an MLS® System to adopt and enforce the three pillars of the MLS® Marks and their interpretations.

The third pillar says the Listing Brokerage agrees to pay the Buyer Brokerage compensation for the co-operative selling of the property. An offer of compensation of zero is not acceptable.

ITSO has made this part of the ITSO MLS® Rules. Every listing you submit must state the compensation the Listing Brokerage will pay to the Buyer Brokerage.

Commissions are negotiable

Commissions are not set by law. They are not set by boards or associations either. You and your client decide them.

An offer of compensation as low as \$1 to the Buyer Brokerage meets this MLS® Rule. A low offer lets the Buyer and the Seller work out other ways to pay the Buyer Brokerage.

Other ways to compensate the Buyer Brokerage

Here are two examples:

- Negotiate during the offer. Instead of a set amount in the MLS® Listing, such as a percentage of the sale price, the Seller can negotiate what they will pay the Buyer Brokerage during the offer process.
- Buyer pays their own brokerage. The Buyer can pay their brokerage directly instead of relying on the Seller. This could affect the price the Buyer offers.

Remuneration clauses in the offer

If compensation is negotiated through the offer process, follow RECO's guidance on how to structure the remuneration clause. See RECO Bulletin 6.2: Remuneration clause in an agreement of purchase and sale.

Tips

- Never enter zero as the compensation offered to the Buyer Brokerage. Any amount above zero is acceptable.

- A \$1 offer meets the rule. It leaves the rest to be worked out between the Buyer and the Seller.
- If you plan to negotiate compensation in the offer, read RECO Bulletin 6.2 first.
- For the full rules, see the ITSO MLS® Rules.

Source: <https://support.itsosystems.ca/kb/411>