WHAT ARE YOU

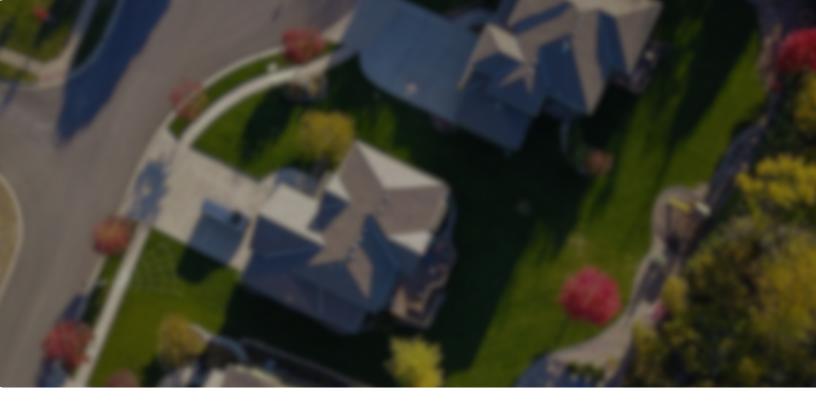
Really Paying For?

7 Essential Tips to Navigate Real Estate Commissions in 2025





The Chou Team | KW Executive www.thechouteam.com



Ready to Demystify

Commission Changes?

If you're gearing up to sell your home, you've likely heard there are big changes to real estate commissions—and if you're like most sellers, you're wondering, "What does this mean for me?"

I created this guide to cut through the confusion and give you the inside scoop on these new commission structures, so you know exactly what you're paying for and why. With nearly 17 years of experience helping sellers like you, I've seen firsthand how understanding these details can make all the difference in your bottom line.

Let's walk through the essentials together. You'll come away confident, informed, and ready to make the best decision for your sale—without any of the guesswork.

Here's what you'll learn in this guide:

- 1. Why Real Estate Commission Structures Are Changing
- 2. Understanding Different Commission Models
- 3. How Commissions Impact Your Sale Price and Net Proceeds
- 4. Evaluating Agent Services Based on Commission
- 5. Tips for Comparing Agents Without Overwhelm
- 6. Common Misconceptions About Agents and Fees
- 7. 10 Questions to Ask When Choosing a Listing Agent
- 8. What's Next? Steps to Begin Your Home Sale Journey

Let's get started!



Overview of Compensation Changes

In April 2024, the National Association of REALTORS proposed new rules that were approved in November 2024. These changes focus on how agents are paid and how buyers work with their agents.

What's New

Written Buyer Agreements - Buyers must now sign an agreement with their agent before touring homes. This agreement explains how the agent will be paid and ensures everyone is on the same page.

Compensation Details Removed from the MLS - Offers of compensation (when a seller or their agent offers to pay the buyer's agent) will no longer be shown on the MLS (Multiple Listing Service). The MLS is a local system that agents use to share home listings. Sellers can still choose to offer compensation to buyer's agents, but this information must now be shared privately, not on the MLS.

How It Worked Before

In the past, sellers often paid the buyer's agent's fee. Buyers typically paid for their down payment, closing costs, inspections, and other fees upfront. Sellers paid agent fees out of the money they made from the sale.

For example, if a seller said they paid X% to sell their home, that amount was usually split between the agent for the seller and the agent for the buyer.

What This Means Now

With the new rules, sellers can still pay the buyer's agent if they want to attract more buyers. However, buyers can also pay their own agent, or both the buyer and seller can share the cost.



Different Commission Models

Not all commission structures are created equal, and that's great news for sellers who want more options. In the past sellers typically paid either a flat fee model or a percentage of the sale price as options for compensating their REALTOR®. You'll likely also now encounter hybrids of the two.

Percentage-based fees (e.g., X%) are the most common and are calculated as a portion of your home's sale price, while flat fees are fixed amounts regardless of the sale price.

Explained

Hybrid models might combine elements of both, offering a blend of flexibility and value. Each option comes with pros and cons, and what works best depends on your home, market conditions, and your goals. The key is to focus on what services are included, not just the numbers. A lower fee might mean fewer marketing services, while a higher fee might include premium offerings like professional photography or staging.

How Commissions Affect Sale Price and **Praceeds**

The goal when selling your home shouldn't be to pay the lowest commission—it's to walk away with the most money in your pocket. If offering compensation to the buyer's agent helps attract more buyers and results in a higher sales price, your net proceeds could be greater, even after paying that fee. Let's look at a few real world examples.

Example #1:

House is listed for sale for \$400,000. Seller agrees to pay the listing agent a percentage of the sales price to market, negotiate, and sell the home. They decline to offer compensation to the selling agent's brokerage. The seller only gets five showings in the first two weeks and two offers that are below the asking price. He doesn't take either offer.

After a month they reduce the price to \$375,000. This generates renewed interest and they get more showings. Finally they receive an offer for \$365,000, which they accept. After all expenses the net proceeds to the seller are \$263,250.

Example #2:

House is listed for sale for \$400,000. Seller agrees to pay both the listing and selling agents' professional service fees. They get 10 showings in the first two weeks and four offers. Two are at asking price, and two are below. The seller chooses the best offer. After all expenses the seller's net proceeds from the sale are \$275,500.

In this case, offering compensation to the buyer's agent resulted in more interest and a higher sales price, leaving the seller with greater net proceeds. While this isn't guaranteed every time, in my experience, it's a very typical and common outcome.

A skilled real estate agent's priority is marketing the home effectively which results in helping you sell in less time for the highest profit.

Evaluating Agent Services Structure Based on Commission



Not all agents provide the same level of service, even if their fees are similar. The best way to evaluate an agent isn't just by their commission—it's by what you're getting for it. Marketing, negotiation, staging advice, and regular communication are just a few of the services that can make or break your home sale.

Ask agents to outline exactly what's included in their fee. Are they hiring a professional photographer? Running paid ads? Hosting open houses? Will they do a professional video of your home, a 360° virtual tour, have it staged? Do they have a huge worldwide network of real estate agents they can tell about your property? A transparent breakdown of services will help you make a more informed decision and ensure you're comparing apples to apples.



Tips for Comparing Compensation

When evaluating agents, don't fall into the trap of choosing the lowest fee without understanding what's behind it. Look for value—not just cost—by asking these key questions: How will they market your home? What's their track record for selling properties like yours? How available will they be throughout the process?

A great agent will clearly explain how their commission supports a successful sale. They'll outline the services they provide, the strategies they use, and the results you can expect. The cheapest option might not attract enough buyers or negotiate effectively, while the most expensive one may overpromise and underdeliver. Compare not only the fees but also the quality of service, the tools they use, and their history of results. Your goal should be to hire an agent who offers the best combination of value, expertise, and professionalism to help you achieve the highest possible net proceeds.

Common Misconceptions

Here are some common misconceptions home sellers have when choosing a listing agent:

Experience

Misconception: More experience always means better results.

Reality: While experience is important, it's not the only factor. Some seasoned agents rely on outdated strategies, while newer agents might be more tech-savvy and innovative. Find out how many homes they sold in the last 12 months, did they represent more buyers or sellers, and what was the average list price to sales price ratio? A ratio of 97% or less can indicate they aren't skilled at valuing properties or negotiating.

Misconception: A newer agent won't do as good a job.

Reality: Newer agents often work harder to prove themselves, have access to the same tools as experienced agents, and may be backed by a strong brokerage or mentorship program. They also have more time to devote to your home sale and can be much more responsive and give you more personal attention.

Price

Misconception: Paying a lower commission means saving money.

Reality: A lower commission might come with limited services, less marketing, or fewer resources, which can result in a lower sale price. Conversely, a higher commission doesn't guarantee better results either. Focus on what you're getting for the fee and how it impacts your bottom line.

Key Takeaway

Don't base your decision solely on experience, commission, or team size. Instead, ask questions about their specific approach, marketing plan, availability, and track record to ensure they're the right fit for your needs and goals.



Here are 10 great questions to ask when interviewing a real estate agent to list your house:

What is your marketing strategy for my home?

Ask for specifics about online advertising, professional photography, video tours, social media promotion, and other tactics they'll use to attract buyers.

What is your pricing strategy for my home?

A good agent should provide a comparative market analysis (CMA) and explain how they'll determine the right price to attract offers without undervaluing your property.

How will you handle showings and open houses?

Find out if they offer flexibility for showings, how often they plan to hold open houses, and their approach to ensuring your home is presented well.

What is your track record for selling homes similar to mine?

Ask about their average days on market, list-to-sale price ratio, and recent success stories with homes like yours.

Who will be my main point of contact, and how often will we communicate? If they're part of a team, clarify whether you'll work directly with them or someone else and how frequently they'll provide updates.

What are the costs involved in selling my home?

Get clarity on their commission, any additional fees, and whether you'll be responsible for staging, photography, or other marketing costs.



How much do you use video in your marketing?

This question helps you understand how the agent leverages video marketing to showcase listings, reach a wider audience, and connect with motivated buyers all over the world in a way that other agents might not.

What sets you apart from other agents?

This question helps you understand their unique skills, resources, or approach that could give you an advantage.

What happens if my home doesn't sell in the timeframe we expect? Discuss their plan for price adjustments, marketing tweaks, or other strategies if the property lingers on the market.

Can you provide references/reviews from recent clients?

A reputable agent should have no problem sharing testimonials or connecting you with past clients who can speak to their performance.

These questions will help you assess the agent's expertise, approach, and communication style to ensure they're the right fit for your needs.

Final Thoughts

Thinking About Selling? Let's Find the Best Path for You

Selling your home is a big decision, and you deserve clear answers, a solid plan, and confidence in your next steps.

Schedule a quick call with me to discuss your goals and explore your options—no pressure, just helpful advice. **Click here** to get on my calendar and take the first step toward a successful sale.



About the

Author

Premier Listing Team Specializing in Southern California

The Chou Team is part of KW Executive and it prides itself on utilizing the latest technology to service its clients. This allows The Chou Team agents to provide the best level of customer service possible and be one of the most efficient in the real estate business.

It has one of the best track records in Southern California and is ranked year over year on the Real Trends Wall Street Journal. The Chou Team also prides itself on diversity and it consistently gives back to the community that it serves. You'll find that its agents are simply fantastic.



Let's Connect

Schedule a quick call with me to discuss your goals and explore your options—no pressure, just helpful advice. Click here to get on my calendar and take the first step toward a successful sale.





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