



Russ  
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**Sotheby's**  
INTERNATIONAL REALTY

# Understanding your options as a seller

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## **As a seller, do I need to include a commission for the buyer's brokerage? Should we let the buyer pay their broker's commission?**

There is no requirement to offer a commission to the buyer's brokerage. However, you should understand that our fee for professional services includes an offer of compensation to the broker representing the buyer. We do this because **the very best way to maximize your financial gain** from the sale is to generate awareness and show traffic through an incentive to brokers working with buyers. Creating competition for your home is a primary goal and without the offer you may find that brokers working with buyers will not include your home as an option.

From a practical standpoint, most lenders will not allow a buyer to finance brokerage commissions. That means a buyer would need to come up with additional cash on top of their down payment, closing costs, and prepaid expenses to pay their buyer's broker. As a result, not offering a commission to the buyer's broker may eliminate buyers who would otherwise qualify to purchase your home or result in them making lower offers to compensate for the expense.

Beyond the limitations explained above, please note that any buyer expected to pay for his or her own representation may easily include:

1. A contingency in any offer requiring you to cover the cost of those services as a condition of sale. That will prove the most common way for buyers to recoup the expense, and it would ultimately end with a similar financial outcome—with the potential of missing opportunities since buyer agent compensation was not promoted from the beginning.
2. Further, without a stated offer of compensation, buyer brokers are free to demand whatever level of compensation they wish to bring a buyer. This could prove a percentage amount well above what you could have paid, thereby making the transaction excessively uncertain and expensive.

A successful sale requires the cooperation and expertise of the real estate professionals representing both parties to the transaction. We submit, as a seller, that the last thing you want to deal with is a buyer not represented by a professional as it could result in extensive issues with negotiations and the transaction process, leading to a compromised outcome.

**We believe the most important goal is to ensure a smooth transaction with the maximum net proceeds from closing. This is possible only by having all within the brokerage community working on your behalf to bring every qualified buyer in the market to your door, resulting in the highest possible sales price. Offering buyer broker compensation is the very best way to ensure this desired outcome.**