

## What is a variable-rate commission?

The REALTOR® Code of Ethics defines a variable-rate commission arrangement as a listing in which one amount of commission is payable if the listing broker's firm is the procuring cause of sale and a different amount of commission is payable if the sale results from the efforts of the seller or a cooperating broker.

The Code of Ethics and NAR's Handbook on Multiple Listing Policy require listing brokers to disclose a variable-rate commission to potential cooperating brokers as soon as is practical. In response to inquiries from potential cooperating brokers, REALTORS® are also required to disclose the difference between the two rates.

In addition, once a cooperating broker knows that a variable-rate commission has been offered, the cooperating broker must disclose this information to his or her client before the client makes an offer to purchase. In this situation, a buyer who makes an offer that's identical to an offer from a buyer who's represented by the listing broker's firm is at a disadvantage, since the commission on the other offer will be lower.

**Variable Commission Rates are Disclosed in the Terms and Conditions of Sale  
Sales Maybe Subject to Buyers Premiums and Other Cost Paid by The Purchaser**