

A real estate transaction may appear to happen between a buyer and a seller, but much of the movement is created by people standing between them. Someone studies the market, prepares the property, locates potential buyers, arranges showings, explains documents, communicates offers, follows deadlines, and keeps dozens of separate tasks moving toward one closing. That person may be called an agent, salesperson, broker, associate broker, transaction broker, or REALTOR®, but those words do not all mean the same thing. The differences matter because a person's license, brokerage relationship, contract, and legal role determine whom that person represents and what duties are owed. A friendly agent is not automatically someone's representative, and an agent involved in the transaction does not automatically work for everyone. Representation must be identified rather than assumed.

A real estate licensee is a person authorized by a state or another jurisdiction to perform activities that require a real estate license. State law controls the license categories, education, examination, supervision, renewal, and disciplinary rules, so the exact structure changes by location. A salesperson or sales associate commonly works under the supervision of a licensed broker and cannot independently operate a brokerage. A broker usually has additional education, experience, and examination requirements and may supervise other licensees, hold trust funds, enter brokerage agreements, and operate a real estate firm. An associate broker has a broker-level license but works under another broker rather than independently operating the firm. These titles indicate licensing authority, but they do not by themselves prove experience, honesty, negotiating ability, or knowledge of a particular property type.

The brokerage is the real estate business through which licensed services are provided, even when the public mainly remembers the individual agent's name. A brokerage may contain hundreds of agents, teams, managers, assistants, and support employees operating under one broker's supervision. A real estate team is a group of licensees and staff working together within a brokerage, but the team is not always a separate legal brokerage. The broker may be responsible for reviewing contracts, supervising advertising, maintaining records, handling trust money, and establishing office procedures. Agents are often treated as independent contractors for compensation and tax purposes, although their licensed activity remains subject to broker supervision under state law. The public should therefore examine both the individual agent and the brokerage responsible for the transaction.

REALTOR® is not another word for every real estate agent and does not identify a higher government license. It is a membership mark used by qualifying members of the National Association of REALTORS® and related organizations. A licensed real estate professional may legally practice without being a REALTOR® if the person satisfies state licensing requirements and does not improperly use the membership mark. REALTORS® agree to follow the association's Code of Ethics in addition to applicable law, contracts, brokerage rules, and licensing requirements. The Code states that a REALTOR® representing a client must protect and promote that client's interests while still treating

all parties honestly. Membership adds an ethical framework, but consumers must still evaluate the individual professional's competence and conduct.

Agency is the legal relationship in which one person, called the agent, is authorized to act on behalf of another, called the principal. In a real estate transaction, the principal is often called the client because the person has entered a representation relationship with the brokerage. A customer is someone who receives assistance without necessarily becoming the brokerage's client. An agent may provide a customer with factual information while owing the client stronger duties of loyalty and advocacy. This distinction explains why the agent hosting an open house may answer a visitor's questions while still representing the seller. The visitor should not disclose confidential negotiating information until the agent's role has been understood.

A seller's agent, also called a listing agent, represents the seller under a listing agreement. The agent's work may include studying value, recommending preparation, arranging photographs, creating marketing, placing information into a listing service, communicating with buyers and their agents, presenting offers, and helping the seller evaluate terms. The agent should seek a lawful outcome that advances the seller's interests rather than trying to appear neutral between the parties. This does not permit dishonesty, concealment of required facts, interference with another party's rights, or misrepresentation. Loyalty to a client is not a license to deceive everyone else. Strong representation operates within the boundaries of law, contract, disclosure duties, and professional ethics.

A buyer's agent represents the buyer under a buyer-representation or buyer-broker agreement. The agent may help the buyer understand the market, identify suitable properties, arrange tours, investigate available information, prepare an offer, develop negotiation strategy, and manage contract deadlines. The buyer's agent should examine more than surface beauty because location, resale potential, comparable prices, taxes, restrictions, insurance, condition, and financing all affect the purchase. The agent does not guarantee that the property is sound or that its value will rise. Instead, the agent helps the buyer recognize questions, obtain appropriate information, and coordinate qualified professionals. Representation is valuable when it improves the quality of the buyer's decisions rather than simply increasing the number of houses viewed.

The duties owed by an agent are often described through loyalty, obedience, disclosure, confidentiality, accounting, and reasonable care, although state law may define or organize them differently. Loyalty means placing the client's lawful interests above the agent's personal benefit within the scope of the representation. Obedience means following the client's lawful instructions, not following directions involving fraud, discrimination, concealment, or another illegal act. Confidentiality protects information that could weaken the client's position, such as the seller's urgent need to move or the buyer's willingness to pay more. Accounting means properly safeguarding and reporting money, documents, and other property entrusted to the brokerage. Reasonable care

requires the skill and attention expected from a competent real estate professional under the circumstances.

Disclosure has more than one meaning in agency. The agent must disclose conflicts and other information required within the representation relationship, while property-disclosure laws may separately require communication of known material facts. A material fact is information that could significantly affect a reasonable person's decision, the property's value, or the ability to use it. A roof leak, unpermitted addition, boundary disagreement, repeated flooding, or known structural problem may be material depending on the facts and law. The agent is not automatically responsible for hidden conditions that could not reasonably be known, but cannot safely ignore obvious warning signs or conceal known problems. Exact disclosure requirements vary because some states impose broader duties than others and treat certain psychological or historical events differently.

Dual agency arises when the same brokerage or agent represents both buyer and seller in the same transaction. This creates a conflict because the seller wants the strongest price and terms while the buyer wants the most favorable purchase. Some jurisdictions prohibit dual agency, while others permit it only with informed written consent and reduced advocacy. Informed consent means the parties understand the conflict, the limitations on confidentiality and advice, and the alternatives before agreeing. An agent cannot fully reveal both clients' confidential negotiating positions while also protecting each client. A person who wants undivided loyalty should understand these limits before accepting dual representation merely because it appears convenient.

Designated agency attempts to manage this conflict by assigning one agent within the brokerage to represent the seller and another to represent the buyer. The brokerage establishes procedures intended to protect each client's confidential information while designated agents provide separate advocacy. Transaction brokerage or facilitation is different because the licensee may assist the transaction without becoming a traditional fiduciary advocate for either side. A transaction broker may prepare documents, communicate information, coordinate dates, and perform other authorized services while owing the more limited duties established by law. Some states use these structures extensively, while others use different names or do not recognize them. The agency disclosure should therefore be read for its actual meaning rather than treated as routine paperwork.

A listing agreement is the contract between the seller and the brokerage. It should identify the property, listing term, asking price, brokerage duties, seller responsibilities, compensation, marketing authority, cancellation rights, cooperation with other brokers, and treatment of offers. An exclusive-right-to-sell listing generally entitles the brokerage to the agreed compensation if the property sells during the term, regardless of who finds the buyer, subject to the agreement and law. An exclusive-agency listing may allow the seller to avoid some brokerage compensation by personally finding the buyer, while an open listing may permit several brokers to compete without exclusivity. A net listing

allows the seller to demand a specified net amount while the broker keeps some or all of the excess, creating serious conflict concerns and restrictions in many jurisdictions. The name of the listing matters less than the precise rights and obligations written inside it.

The listing term determines how long the brokerage holds the representation right. A protection period, sometimes called a tail period, may preserve the broker's right to compensation if the property is sold shortly after expiration to a buyer introduced during the listing. The agreement should explain how that buyer must be identified and when the protection ends. A cancellation clause describes whether either party can terminate early and what fees, reimbursements, or continuing obligations remain. Withdrawal from the market may stop active marketing without automatically ending the contract. Sellers should understand these distinctions before assuming that removing an online listing also cancels the brokerage agreement.

A buyer-representation agreement performs similar work on the buyer's side by defining the services, duration, territory, property types, exclusivity, and compensation. The agreement may cover one property, one tour, a specific neighborhood, a defined period, or a broader home search. It should explain whether the buyer may work with other agents, how either party may terminate, and what happens if the buyer purchases a property introduced during the agreement. Compensation should be stated clearly rather than described through an unlimited promise to accept whatever another party happens to pay. A retainer is an amount paid in advance for agreed services and may or may not be credited against later compensation. Buyers should understand the agreement before touring properties instead of signing hurriedly in a driveway without discussing its meaning.

Current industry practice changed significantly after the National Association of REALTORS® settlement-related rules took effect in August 2024. MLS participants working with residential buyers generally must enter a written agreement before touring a listed property, although the exact form, agency relationship, state law, and application can differ. The agreement must clearly state compensation rather than leaving it open-ended, and the compensation remains negotiable. A casual conversation at an open house does not necessarily create the same written-agreement requirement as an agent arranging a private tour while working with the buyer. These are association and MLS practice rules, not a declaration that one identical contract is required in every real estate situation across the country. The current framework is explained in NAR's [written buyer agreement guidance](#).

Commission is compensation paid to a brokerage for agreed real estate services. It may be calculated as a percentage of the sale price, a flat fee, an hourly amount, a retainer, a combination, or another lawful negotiated structure. There is no universal commission rate that every seller or buyer must pay. A percentage that appears common within a market is still not automatically required by law, a listing service, or professional membership. Compensation should reflect the contract, services, difficulty, risk, market, and negotiation between the parties. Price competition matters because consumers may

choose among full-service, limited-service, flat-fee, rebate, and other lawful brokerage models where available.

Suppose a seller agrees to pay the listing brokerage five percent of a \$500,000 sale price. The gross commission would be \$25,000 because \$500,000 multiplied by five percent equals \$25,000. That figure does not automatically belong to the individual listing agent because the brokerage may pay another brokerage, divide compensation with the agent, deduct team shares, franchise charges, marketing expenses, or other contractual amounts. A commission split is the agreed division of brokerage compensation between the firm and its affiliated agent or between cooperating brokerages. The agent's actual income may be much lower than the gross amount shown on the closing statement. Consumers should negotiate the total services and compensation without assuming the individual agent personally receives every dollar.

Buyer-agent compensation can come from the buyer, the seller, the listing brokerage, or another agreed lawful arrangement. Under the post-settlement MLS practices, offers of compensation to buyer brokers are no longer displayed on covered Multiple Listing Service platforms, although compensation may still be communicated and negotiated away from the MLS. A seller may authorize payment toward buyer-broker compensation, and a buyer may request seller assistance within an offer, subject to negotiation and financing rules. A seller concession is seller-paid assistance with specified buyer costs, while broker compensation is payment for brokerage services; the transaction documents and lender must treat each amount correctly. The buyer's obligation depends on the buyer agreement, and payment from another source may satisfy all or part of it. The current changes do not make buyer representation automatically free, and they do not establish one required method of payment.

Imagine that a buyer agrees in writing to compensate the buyer's brokerage 2.5 percent of the purchase price. The buyer later purchases a home for \$580,000, making the agreed compensation \$14,500. If the seller or listing brokerage agrees to contribute 1.5 percent, that contribution would equal \$8,700, leaving a possible \$5,800 difference under the buyer agreement. The buyer might pay the difference, negotiate a modification, request additional seller assistance within the offer, or choose another lawful structure acceptable to the parties and lender. None of these outcomes is guaranteed because the seller is not required to accept a request and financing programs may limit treatment of certain costs. The compensation discussion should happen before the offer so the buyer understands both the property price and the cost of representation.

Procuring cause is the chain of events showing which broker's efforts produced a completed transaction when compensation rights are disputed. It is not always decided by who first mentioned the address, unlocked the door, wrote the offer, or stood at closing. The full relationship may include who introduced the buyer, maintained contact, arranged access, provided information, negotiated, and remained involved without abandonment or improper interference. Exclusive buyer agreements and current written compensation arrangements can change which contract questions matter. A buyer

should not move casually among agents while allowing each to believe an exclusive relationship exists. Clear communication prevents several professionals from performing overlapping work and later arguing about one commission.

Compensation is usually earned according to the wording of the brokerage agreement and applicable law, not simply because an agent spent many hours working. Some agreements tie the commission to producing a ready, willing, and able buyer on the seller's terms, while payment may be scheduled for closing or another event. A transaction that fails because a party defaults may create different compensation rights from one that fails under a valid inspection or financing contingency. The contract should address leases, exchanges, options, seller financing, and transfers to related parties if those transactions are possible. Compensation can sometimes remain due even when no deed is recorded, depending on the agreement and circumstances. These provisions deserve attention because the closing table is not the proper time to discover when the broker believes payment was earned.

Commercial brokerage compensation often follows different customs because commercial sale prices, lease terms, tenant improvements, and negotiation periods vary widely. A sales commission may use a percentage that changes at different price levels, while a lease commission may be based on total base rent, square footage, annual rent, or another formula. If a tenant signs a ten-year lease for 5,000 square feet at \$30 per square foot annually, the initial annual base rent is \$150,000 and the simple ten-year base rent would be \$1.5 million before increases. A four-percent commission on that simple amount would be \$60,000, although actual commercial agreements may use escalating rents, reduced percentages in later years, renewal fees, or staged payments. The commission may be divided between the landlord's broker and tenant's broker according to a separate agreement. Nothing should be assumed from the fact that both professionals participated.

A landlord representative markets available space, studies competing properties, evaluates tenants, negotiates business terms, and helps protect the owner's income and tenant mix. A tenant representative searches for space, compares occupancy costs, studies location and operations, and negotiates rent, improvement allowances, expense provisions, options, and other lease terms. The tenant representative should examine the entire economic package rather than focusing on the lowest base rent. A lower-rent building may require the tenant to pay more for utilities, maintenance, construction, parking, or future increases. A market survey compares available properties, while a lease proposal or letter of intent outlines the main proposed business terms before the full lease is drafted. Commercial brokers add value when they understand how the property affects the client's business rather than simply measuring square footage.

A Multiple Listing Service, commonly called an MLS, is a cooperative property-information system used by participating real estate professionals. It is not a government registry, an appraisal system, or a guarantee that every statement is correct. The listing broker enters property information, but measurements, taxes, school

assignments, permits, features, and other details should still be verified when important. Internet Data Exchange, known as IDX, allows participating brokerage websites to display certain MLS listings under the service's rules. Syndication distributes listing information to consumer websites and other platforms, increasing exposure but sometimes spreading outdated or incomplete data. Marketing technology moves information quickly, yet speed does not replace accuracy.

An office-exclusive or private listing is marketed through limited channels rather than receiving the broad exposure of ordinary MLS distribution. A pocket listing is an informal expression often used for property kept within a smaller network instead of being openly marketed. Limited exposure may serve a seller seeking privacy, security, or controlled access, but it may also reduce competition and make it harder to know whether the strongest price was reached. The agent should explain the benefits, costs, and alternatives instead of choosing limited marketing for personal convenience or the possibility of controlling both sides. A coming-soon status may allow preparation before full marketing, but the applicable MLS rules regulate how it can be used. The seller's informed goals should guide the marketing plan.

A comparative market analysis, commonly called a CMA, is an agent's opinion of a property's likely market position based on comparable listings and sales. A comparable, or comp, is another property used as evidence because it is sufficiently similar in location, size, condition, use, timing, or other important characteristics. Adjustments account for meaningful differences, such as an extra bedroom, renovation, superior lot, garage, or changed market conditions. Active listings reveal current competition and seller expectations, while closed sales provide stronger evidence of what buyers have actually paid. Expired or withdrawn listings may reveal prices the market rejected, although other reasons may have caused the property not to sell. A CMA supports a pricing discussion but is not automatically the same as an independent appraisal prepared under appraisal standards.

The listing price is the seller's asking price, not an official declaration of value. Pricing above the market may reduce showings, lengthen marketing time, and cause buyers to assume the property has a hidden problem after repeated reductions. Pricing below expected value may attract attention and competing offers, but it can also create risk if the seller expects a bidding war that never appears. Market time is the number of days a property has been offered, while absorption rate measures how quickly the available supply is selling within a market. Months of supply estimates how long current listings might take to sell at the recent pace if no new properties entered. A skilled pricing discussion combines numbers with the property's condition, competition, likely buyers, financing environment, and seller's timing.

Preparing a listing involves more than cleaning the house and taking bright photographs. The agent should help the seller identify visible defects, unfinished work, permit questions, title concerns, lease obligations, occupancy issues, and documents that buyers will request. Staging arranges furniture and presentation to help buyers

understand the space, while cosmetic concealment attempts to hide a defect rather than improve presentation. Professional photographs, floor plans, measurements, video, signs, open houses, broker outreach, and digital advertising can increase attention when used accurately. Advertising should not describe property or neighborhoods through discriminatory preferences or coded exclusions. Good marketing creates interest without inventing qualities the property does not possess.

The Fair Housing Act prohibits housing discrimination based on race, color, national origin, religion, sex, familial status, and disability, while state and local law may protect additional characteristics. Steering occurs when a real estate professional guides people toward or away from neighborhoods because of a protected characteristic rather than serving their stated housing needs. Blockbusting is the illegal practice of inducing owners to sell by suggesting that people of a particular protected group are moving into the area and property values will decline. Agents should discuss objective property and market information without acting as personal judges of whether certain people belong in a neighborhood. Online advertising and audience selection can create discrimination just as printed words and spoken comments can. HUD's [Fair Housing Act overview](#) applies across buying, renting, financing, and related housing activity.

An agent receiving an offer becomes part of a serious communication process. The offer usually identifies price, financing, deposit, closing date, included property, inspections, appraisal, title, possession, and other conditions. A contingency is a contract condition giving a party specified rights when an event does not occur or an investigation is unsatisfactory under the agreement. The listing agent generally presents offers according to the seller's lawful instructions and applicable duties rather than hiding an offer because the agent dislikes its source. The seller may accept, reject, allow the offer to expire, or make a counteroffer, which rejects the original terms and proposes new ones. Negotiation should evaluate the entire offer because a slightly lower price with dependable financing and fewer risks may be stronger than a higher but uncertain offer.

Multiple offers require disciplined communication because excitement can lead to careless promises. The seller decides how to respond within the law and contract, while the agent explains available approaches without inventing competing offers or disclosing confidential terms improperly. A highest-and-best request invites buyers to submit improved final terms by a stated time, but it does not guarantee that price alone will determine the winner. An escalation clause may increase a buyer's price above a competing offer up to a limit, although its use and wording should be reviewed carefully. Proof of funds shows evidence of available money, while a preapproval reflects a lender's preliminary review and is not a final loan commitment. The agent helps compare these signals without pretending that any buyer is incapable of default.

Real estate agents frequently use forms, but completing a form is not the same as giving unlimited legal advice. State-approved or brokerage-approved forms contain established language, yet the agent must understand the provisions being explained within the permitted scope of the license. A real estate attorney advises on legal rights, drafts

specialized language, resolves title problems, and interprets consequences beyond the agent's authority. Some states use attorneys heavily in closings, while others rely more on title or escrow companies. Unusual ownership, trusts, estates, divorces, partnerships, tenant rights, seller financing, boundary disputes, and complex contingencies often justify early legal advice. An agent who recognizes the limit of personal expertise protects the client better than one who improvises an answer to every question.

An inspection is an examination of the property's observable condition by a qualified inspector or specialist. The agent can recommend that the buyer investigate, arrange access, and help communicate repair requests, but should not replace the inspector. An appraisal develops an opinion of value for a particular purpose, while the agent's market analysis serves a different role. A surveyor addresses boundaries and physical relationships, a title professional studies ownership records, and an insurance professional evaluates coverage. The lender decides whether the borrower and property satisfy loan requirements. Strong agents coordinate specialists without claiming to be all of them.

After the contract is signed, transaction coordination becomes as important as negotiation. The parties must manage earnest money, inspections, repair decisions, loan applications, appraisal, title review, insurance, association documents, disclosures, walk-throughs, closing figures, and possession. A deadline is not a suggestion because missing one can waive a right, place a deposit at risk, or create default. The agent should maintain a transaction calendar and communicate upcoming responsibilities without making decisions that belong to the client. A transaction coordinator is a person who helps organize documents and deadlines, but does not automatically replace the licensed agent's responsibilities. Closing problems often begin weeks earlier as small unanswered questions that no one followed.

Earnest money is the buyer's good-faith deposit delivered under the purchase contract. Depending on the jurisdiction and agreement, it may be held by a brokerage, title company, attorney, escrow company, or another authorized holder. A trust or escrow account holds money belonging to others separately from operating funds. Commingling occurs when trust money is improperly mixed with the broker's own funds, while conversion occurs when money belonging to another person is wrongfully used. Release of disputed earnest money may require written agreement, a legal procedure, or another process stated by law and contract. The agent cannot simply award the money to whichever party the agent believes behaved better.

Referral arrangements also require care because a recommendation can create hidden financial incentives. A referral fee is compensation for directing business to another provider, while a payment for actual work compensates a real service. The Real Estate Settlement Procedures Act, known as RESPA, prohibits certain kickbacks and unearned fee arrangements involving settlement services connected to federally related residential mortgage loans. Settlement services can include mortgage, title, closing, appraisal, credit, and other services involved in completing the transaction. A real estate agent

should not secretly steer a buyer toward a lender, title company, or another provider in exchange for something of value. The Consumer Financial Protection Bureau explains the federal prohibition in its current [RESPA Section 8 guidance](#).

An affiliated business arrangement exists when someone referring settlement business has an ownership or financial interest in the provider receiving the referral. Such arrangements are not automatically prohibited, but federal rules may require disclosures, consumer choice, and limits on the financial benefit received. The disclosure should explain the relationship and estimated charges rather than hiding ownership behind different company names. A consumer should still compare services, price, responsiveness, and independence. “Preferred provider” can mean a company has performed well, but it can also mean a financial or marketing relationship exists. The client deserves to know which meaning applies.

Errors and omissions insurance, commonly called E&O insurance, may cover certain claims arising from professional mistakes, negligence, or failures, subject to the policy. It does not transform misconduct into acceptable behavior and may exclude fraud, intentional acts, discrimination, mishandled funds, or other specified conduct. A complaint about an agent can involve several different systems, including the brokerage, state licensing regulator, professional association, arbitration, mediation, or court. License discipline addresses violations of licensing law, while an ethics complaint addresses duties accepted through professional membership. A commission dispute may be a contract or arbitration matter without proving that the agent violated licensing law. Understanding these different paths prevents every disagreement from being treated as the same type of wrongdoing.

Choosing an agent should begin with the kind of transaction rather than the size of the agent’s advertisement. A professional experienced in suburban home sales may not be prepared to evaluate a warehouse lease, development site, farm, hotel, or apartment complex. Local knowledge includes recent transactions, zoning patterns, insurance issues, property taxes, neighborhoods, common construction, and the behavior of buyers and sellers in that market. Communication ability matters because a knowledgeable agent who disappears during important decisions can still damage the transaction. Consumers should verify the license, examine disciplinary information where available, read the proposed agreement, discuss compensation, and ask who will perform the actual work. A famous team name is not a guarantee that the person in the advertisement will handle the client’s transaction.

A strong seller interview should reveal how the agent reached the recommended price, what marketing will be performed, how feedback will be communicated, and what costs the seller may face. The seller should understand whether photography, staging, advertising, measurements, open houses, cancellation, and administrative charges are included or separate. A strong buyer interview should clarify the search process, availability, property knowledge, negotiation approach, compensation, agreement term, conflicts, and treatment of unrepresented listings. Both parties should ask how the agent

handles situations in which the brokerage represents the other side. The most confident answer is not always the most trustworthy one because responsible professionals explain uncertainty and limitations. Clarity before signing is more valuable than enthusiasm followed by surprise.

A capable agent does not control the market, the lender, the appraiser, the inspector, the title examiner, the other party, or the final outcome. The agent controls preparation, communication, research, presentation, follow-through, and the quality of professional judgment brought to the client. Promising a particular price, approval, repair result, or closing date can create false confidence when those decisions belong to other people. Good representation improves the client's position while preserving the client's authority to decide. The agent advises, the client chooses, and the contract records the choice. When those roles are respected, the transaction becomes easier to understand and responsibility is less likely to become blurred.

Agents and brokers stand at the intersection of people, property, information, contracts, and money. Their value is not created merely by opening doors or placing a sign in a yard, because technology can perform parts of those tasks. Their deeper value appears when they recognize risk, explain choices, protect confidential information, negotiate intelligently, organize specialists, and keep the client from making an expensive decision based on incomplete understanding. Compensation should be discussed openly because hidden or misunderstood payment weakens trust. Representation should be identified clearly because assistance without a known duty can feel like loyalty when it is not.