



COMPENSATION PARAGRAPHS IN GAR CONTRACT PACKAGE – SELLER & BUYER

*****CHECK WITH YOUR BROKER FOR APPROVAL REGARDING ANY NEGOTIATIONS OF ANY OF THESE TERMS*****

Seller Compensation Paragraph in Georgia Association of REALTORS® (GAR) Contract Package

All Buyer & Seller compensation to Brokers must be specific or calculable - Not Open Ended - (Below is Seller Brokerage Agreement)

4. Compensation to Broker(s) for Professional Services ("Compensation").

NEW a. Generally: Compensation to Broker(s) is negotiable and is not set by state law. However, this does not obligate individual licensees and brokerage firms to necessarily negotiate their Compensation.

b. Compensation to Seller's Broker: Seller agrees to pay Seller's Broker the following Compensation at the closing of any Contract to Sell (as that term is hereinafter defined) of the Property as follows:

Check In Words _____ percent (Number %) of the sales price; Seller must approve of Listing Broker's sharing of Compensation in a "co-op" situation with a Buyer's Broker - SEE paragraph c BELOW.

all boxes \$ _____

that apply (other) i.e. Marketing fee of \$ _____ or Professional Photos not to exceed \$ _____

c. Optional Compensation to Buyer's Broker: Seller hereby approves the following Compensation, if any, being paid to Buyer's Broker by either Seller (in addition to the Compensation being paid to Seller's Broker); Seller's Broker (out of the Compensation being paid to Seller's Broker); or Seller and Seller's Broker as set forth in "other" section below.

Check In words _____ percent (Number %) of the sales price; Below Note is for "Conditional" Compensation

all boxes \$ _____

that apply (other) NAR Settlement: "Eliminate requirement for blanket, unconditional, unilateral offers of compensation to Buyer's Broker."

*****Avoid Fair Housing Law Violation - Variation in compensation related to terms of OFFER not in response to Buyer or Buyer's Broker*****

If Seller's offer of Compensation to the Buyer's Broker is conditional, specify the conditions here: _____
i.e. "If no other agent involved, Buyer's Broker to receive _____ %" or "\$ _____ Broker Bonus with Closing by (date) "

For all purposes herein, the term "Buyer's Broker" shall mean the Broker, including the Broker representing the Seller, if they are also working with or representing the Buyer as a customer or client. To cover agent having both sides

d. Separate Compensation on Lease. If Seller leases the Property or enters into a lease/purchase agreement or a lease with an option to purchase agreement during this Agreement, Seller shall also pay Broker a separate leasing Compensation in the amount of \$-Don't Leave Blank and as follows: _____ i.e. within 72 business hours after fully executed lease

Notwithstanding any provision to the contrary contained herein, the payment of a leasing Compensation (including in lease/purchase transactions or lease with an option to purchase transactions) shall not relieve Seller from paying the Compensation at the closing of a Contract to Sell, as provided elsewhere in this Agreement.

NOTES on Seller Compensation to Brokers:

- Paragraph 4b: All compensation to Brokers must be specific or calculable – not open ended
 - Seller must approve of how much in total they are paying their own Broker – ___% of Sale Price or \$ _____
 - Include any marketing fees, admin fees, etc.
 - May NOT be open-ended – i.e. may NOT say "Fee for professional photography" – INSTEAD must say "Fee for professional photography of \$ _____ or not to exceed \$ _____."
- Paragraph 4c: IN ADDITION to amount Seller pays their Broker, Seller must approve of any compensation from Seller's Side to Buyer's Broker – either directly or from their Broker sharing of compensation in a "co-op" situation with Buyer's Broker
 - Seller may agree to pay a Buyer's Broker directly as negotiated in an Buyer's Offer – pre-determined amount to Buyer's Broker as ___% of Sale Price or \$ _____



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- Seller may choose to pay Seller's Broker \$____ or ____% of Sale Price & then allow their own Broker to share a portion of that with a Buyer's Broker under the specific terms described in paragraph c
- Seller may choose to compensate Buyer's Broker – a portion coming from the amount they pay their Broker & a portion directly as negotiated in an offer
- Paragraph 4c Cont'd: Seller may vary amount of compensation they pay Buyer's Broker – MUST spell out terms of "conditional compensation"
 - NAR Settlement: "Eliminate requirement for blanket, unconditional, unilateral offers of compensation"
 - GAR Forms have allowed for this for YEARS!
 - NOTE: Do NOT violate Fair Housing Laws with any compensation conditions
 - Any variations should be related to terms of offer NOT related to Buyer or Buyer's Broker/Agent
 - i.e. "Buyer's Broker Bonus of \$_____ with closing prior to __ (date)____." Or "If Buyer's Agent not present at time of first showing, Buyer's Broker compensation to be ____%."
- Paragraph d: Separate Compensation on a Lease or Lease-Purchase Contract
 - Do not leave blank

See Below for Notes on Buyer's Compensation Paragraph





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Buyer Compensation Paragraph in Georgia Association of REALTORS® (GAR) Contract Package

Buyer expressly consents to Broker acting in any other agency relationship offered by Broker.

4. Compensation for Professional Services of Broker ("Compensation"). *New Title to Paragraph*

a. Generally: Compensation to Broker(s) is negotiable and is not set by state law. However, this does not obligate individual licensees and brokerage firms to necessarily negotiate their Compensation.

b. Compensation to Buyer's Broker: Buyer agrees to pay Buyer's Broker the Compensation set forth below at the closing of any Contract to Purchase (as that term is hereinafter defined) *Buyer's Financial Obligation to Broker for professional services*

Check Amount in Words _____ percent (Number %) of the sales price; **May NOT be 0% or \$0**

all Used \$ _____; **This amount is most Buyer would have to pay**

Boxes (other) i.e. Admin Fee of \$ _____ or Any Other Fees - must be specific

c. Optional Compensation from Seller or Seller's Broker to Buyer's Broker: Buyer hereby approves or disapproves Buyer's Broker receiving Compensation from Seller or Seller's Broker. **Nothing herein should be interpreted as a promise by Seller or Seller's Broker to pay or offer to pay Compensation to Buyer's Broker herein.**

If Buyer approves such Compensation being paid by the Seller and/or Seller's Broker to the Buyer's Broker, the **maximum amount the Buyer's Broker may receive from Seller and/or Seller's Broker is as follows:** **To cover ANY Seller-Side offered compensation & Bonuses. DO NOT LEAVE BLANK! May NOT be "Open-Ended" such as "Any Fee or Bonus offered by Seller Side"**

Check Amount in words _____ percent (Number %) of the sales price;

all Used \$ _____;

Boxes (other) _____

d. Possible Reduction in Buyer's Compensation Obligation to Buyer's Broker: Any Compensation Buyer's Broker receives from Seller or Seller's Broker shall: *[Select one. The boxes not checked shall not be a part of this Agreement.]*

Check reduce the Compensation Buyer shall pay to Buyer's Broker dollar for dollar; **→ Buyer would owe amount in "b"**

all Used not reduce the Compensation Buyer shall pay to Buyer's Broker; **minus any amount paid from Seller's Side**

Boxes special exceptions to the Compensation paid from Buyer to Buyer's Broker, as set forth below: **not to exceed amount in "c"**

e. Separate Compensation on Lease: If Buyer leases property or enters into a lease/purchase contract or a lease with an option to purchase agreement during this Agreement, Buyer shall also pay Broker separate leasing Compensation (except where the Compensation is paid by the Landlord) in the amount of \$ Do Not Leave Blank and as follows: **Payable within 48 business hours of signing lease / lease-purchase**. Notwithstanding any provision to the contrary contained herein, the payment of a leasing Compensation (including in lease/purchase transactions or lease with an option to purchase transactions) shall not relieve Buyer from paying the Compensation at the closing of a Contract to Purchase, as provided elsewhere in this Agreement.

NOTES on Buyer Compensation to Brokers:

- Paragraph 4b: All compensation to Broker must be specific or calculable – not open ended
 - Buyer must approve of how much in total they are paying their own Broker – ___% of Sale Price or \$_____
 - Include any admin fees, retainer fees, Compensation Rebate, etc.
 - May NOT be open-ended – i.e. may NOT say “Administrative Fee” – INSTEAD must say “Admin Fee of \$_____ or not to exceed \$_____.”
- Paragraph 4c: IN ADDITION to amount Buyer pays their Broker, Buyer must approve of MAXIMUM amount of compensation their Broker may receive from Seller's Side (if any)
 - Do not leave blank
 - This maximum amount as ___% of Sale price or \$_____
 - Should be at least equal to if not more than amount Buyer is obligated to compensate their Broker
 - Make sure this is amount to cover any seller-side compensation INCLUDING Bonuses in addition to ___% of Sale Price or \$_____



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- Must be specific – i.e. can NOT say “Any amount paid by Seller-Side” or “Including any bonus paid by Seller-Side.”
- Paragraph 4d: How does Seller-Side compensation to the Buyer’s Broker impact the amount Buyer is obligated to pay their Broker
 - First check box “shall reduce” = At closing, Buyer will owe their own Broker the amount they agreed to pay in paragraph 4b MINUS any amount paid to their Broker FROM the Seller’s Side not to exceed the amount they agreed to in paragraph 4c.
 - Third check box could address anything such as the sharing of a Broker Bonus or could be some Compensation Rebate of ___% or Buyer’s Broker’s purchase of a home warranty, etc.
- Paragraph 4e: Any compensation due to Buyer’s broker should Buyer sign a Lease or Lease-Purchase
 - Do not leave blank

For Additional Information:

- Stay current with your own Broker
- Stay current with the Georgia Association of REALTORS®
- Stay current with the National Association of REALTORS®
- Take additional Continuing Education Classes through the Real estate Academy of America – www.RealEstateAcademyofAmerica.com
- Watch related videos on the YouTube Channel: “Real Estate Made Crystal Clear” - <https://www.youtube.com/@RealEstateMadeCrystalClear/videos>

