



NEW MEXICO ASSOCIATION OF REALTORS® — 2025 INFORMATION SHEET – BROKERAGE COMPENSATION



⚠ ATTENTION SELLERS AND BUYERS ⚠

COMPENSATION TO A BROKERAGE IS NOT SET BY ANY MULTIPLE LISTING SERVICE (“MLS”), THE LOCAL, STATE OR NATIONAL ASSOCIATION OF REALTORS® OR ANY LAW OR REGULATION. Each brokerage, or in some cases broker, sets its/their own compensation, independently of other brokerages/brokers. The extent to which each brokerage/broker will negotiate compensation, or compensation policies is determined strictly by that brokerage/broker. A brokerage/broker may have a standard fee schedule or certain compensation policies set by that specific brokerage or broker, but these are NOT universal rates or policies, so a consumer comparing different brokerage or broker rates and policies will find varying rates and policies among different brokerages or brokers. The amount of compensation a consumer pays a brokerage or broker is a term of the agreement between the consumer and the brokerage, which the consumer can fully negotiate with the brokerage or broker. **Consumers are encouraged to inquire about the brokerage’s or broker’s rates and policies before signing any agreement.**

ARE THERE MULTIPLE BROKERS OR BROKERAGES INVOLVED IN A REAL ESTATE TRANSACTION?

Potentially. Sellers and buyers contract with real estate offices, called “Brokerages,” to provide real estate services. Real estate brokers are individuals who work for Brokerages (“Broker”). Generally, there is a Broker who represents the seller in the transaction (“Listing Broker”), who works for the “Listing Brokerage”, and there is Broker who represents the buyer in the transaction (“Buyer’s Broker”), who works for the “Buyer’s Brokerage”. In some cases, there may be multiple Brokers within the same Brokerage who work collectively for the seller and/or the buyer. Sometimes the Listing Broker and the Buyer’s Broker will work for the same Brokerage. In other cases, the Listing Broker and Buyer’s Broker will work for different Brokerages. In some transactions, one Broker may represent both the seller and buyer in the transaction; however, this would occur ONLY IF the Broker, the seller, and the buyer agreed to this dual representation.

HOW DOES A LISTING BROKERAGE GET PAID?

The seller will enter into a listing agreement with a Listing Brokerage in which the seller agrees to pay the Listing Brokerage a specified amount of compensation in the event, among other events, the property sells during the term of the listing agreement or perhaps, during a “Protection Period” following the term of the listing agreement (“Listing Agreement”). The Listing Agreement is an exclusive agreement, meaning that the seller has agreed to work exclusively with that Listing Brokerage for the sale (or lease) of the property identified in the Listing Agreement for the time period specified in the Listing Agreement.

CAN A SELLER ENTER INTO MULTIPLE LISTING AGREEMENTS?

A Listing Agreement is a contract, and it obligates the seller and the Listing Brokerage in various ways. In the Listing Agreement, in addition to agreeing to an amount of compensation, the parties (the Seller and Listing Brokerage) will agree to the term or time period of the Listing Agreement. During the term, **the Listing Agreement will be an exclusive agreement**, meaning the seller has agreed to work exclusively with that Listing Brokerage for the sale (or lease) of the property. **Sellers should carefully read and understand the terms of the Listing Agreement before signing and should NOT enter into multiple Listing Agreements for the same time periods covering the same property. To do so could make the seller liable for paying multiple Listing Brokerages for the sale or lease of one property.**

SELLER BE AWARE: Your Listing Broker may send you a Listing Agreement through an electronic signature platform. By electronically signing the agreement through that platform, you have created a legally binding contract.

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IF THE LISTING BROKER OR BROKERAGE IS ALSO REPRESENTING THE BUYER IN THE TRANSACTION, IS THE LISTING BROKER OR BROKERAGE OBLIGATED TO REDUCE THE COMPENSATION THE BROKER CHARGES THE SELLER AND/OR BUYER?

No. Unless otherwise specified in the Listing and/or Buyer Brokerage Agreement, the Broker is entitled to the amount the seller and buyer agreed to pay the Broker in the Listing and Buyer Brokerage Agreements, even if the Broker represents both the seller and buyer in the transaction. However, some Brokers/Brokerages may be willing to reduce the total compensation received from the seller and/or buyer in the event the Broker/Brokerage represents both the seller and buyer in the same transaction. This is known to REALTORS® as a “Variable Rate Commission.” Whether to offer a Variable Rate Commission would be a Brokerage decision and/or policy, which means that not all Brokerages would have the same policy on this issue. Whether the Brokerage offers a Variable Rate Commission should be discussed with the Broker before a seller or buyer enters into a Listing or Buyer Brokerage Agreement, as applicable.

IN THE LISTING AGREEMENT, IS A SELLER OBLIGATED TO PROVIDE THE LISTING BROKERAGE WITH ENOUGH COMPENSATION TO PAY COMPENSATION TO A BUYER’S BROKERAGE?

No. While this is something a seller may elect to do, there is **no requirement or obligation** for a Seller to provide the Listing Brokerage with enough compensation to pay compensation to a Buyer’s Brokerage, unless this is the policy of the Listing Brokerage. If this is the Listing Brokerage’s policy, and a seller desires to work with that Brokerage, then they would have to agree to this policy. If this is the Listing Brokerage’s policy, and a seller does not agree to such a policy, the seller would not enter into a Listing Agreement with that Brokerage and would consult with other Brokerages. Each Brokerage sets its own policies on this issue and not all Brokerages will have the same policy on this issue.

If the seller elects to provide the Listing Brokerage with enough compensation for the Listing Brokerage to compensate the Buyer’s Brokerage, then the Listing Broker may communicate this to Buyers’ Brokers through a variety of methods, including, but not limited to, the Listing Brokerage’s website and social media platforms. However, the Listing Brokerage is prohibited by MLS rules from communicating this compensation through the MLS.

IN THE LISTING AGREEMENT, IS A SELLER OBLIGATED TO AGREE TO COMPENSATE A BUYER’S BROKERAGE DIRECTLY?

No. At the time the Listing Agreement is signed, the seller may agree to compensate a Buyer’s Brokerage, but a seller is **not obligated** to do so. If the seller agrees to compensate a Buyer’s Brokerage, then the **SELLER** has complete discretion over the amount the seller is willing to pay a Buyer’s Brokerage. If at the time of listing, the seller agrees to compensate a Buyer’s Brokerage, then the Listing Broker may communicate this compensation to the Buyer’s Brokerage through a variety of methods, such as the Listing Broker/Brokerage’s website and social media platforms. However, the Listing Broker/Brokerage is prohibited by MLS rules from communicating this compensation through the MLS.

If a seller does not elect to pay a Buyer’s Brokerage at the time of listing, a Buyer’s Brokerage who has a buyer for the seller’s property may ask the seller to pay the Buyer’s Brokerage *before* the buyer submits an offer to purchase. Again, the seller is under NO obligation to agree to compensate the Buyer’s Brokerage, but there may be advantages to the seller doing so.

WHAT IS “SELLER ASSISTANCE” OR “SELLER CONCESSIONS”?

Seller assistance or a seller concession is an amount of money that the seller is willing to offer a buyer that a buyer may use towards buyer closing costs. Seller assistance/concessions **cannot be specifically earmarked** for Buyer Broker compensation. In other words, how the buyer applies the seller assistance/concession is the buyer’s sole decision, subject only to restrictions set by the buyer’s lender, if applicable. Seller assistance/concessions may be used by the buyer for a number of costs, including, but not limited to, recording fees, the appraisal fee, inspection costs, loan origination fees, property improvements and Buyer Brokerage compensation. **The seller is under no obligation to offer assistance/concessions**, but there may be advantages to the seller doing so. If the seller offers assistance/concessions, the Listing Brokerage will communicate this to Buyer Brokers through a variety of methods, including perhaps, the MLS.



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IS A SELLER REQUIRED TO PAY COMPENSATION TO A BUYER'S BROKERAGE THROUGH THE PURCHASE AGREEMENT?

No. A buyer may request, through the purchase offer or otherwise, that a seller pay the Buyer's Brokerage's compensation, **but there is no requirement for the seller to do so.** There may be advantages to a seller by doing so. For example, given the up-front costs of purchasing a specific property, some buyers may not be in a financial position to fully compensate their Buyer's Brokerage and may only enter into a purchase agreement for a specific property if the seller is willing to compensate the Buyer's Brokerage. However, for other buyers, the seller's willingness to compensate a Buyer's Brokerage may have no impact on the buyer's decision to make an offer on the property or what the buyer is willing to pay for the property. A seller's decision to pay the Buyer's Brokerage's compensation, in whole or in part if asked to do so by a buyer, is a decision left solely to the seller. Further, if the seller is willing to offer some compensation to the Buyer's Brokerage, the amount to pay the Buyer's Brokerage is a term of the purchase agreement that the seller and the buyer may freely negotiate.

DO BUYER BROKERAGES/BROKERS WORK FOR FREE AND IF NOT, HOW DO THEY GET PAID?

No. Buyer Brokerages/Brokers do not work for free, and they should **not** be expected to work for free. Buyers will enter into a Buyer Brokerage Agreement with a Brokerage in which the buyer agrees to pay the Buyer's Brokerage a specified amount of compensation in the event, among other events, the buyer purchases the type of property identified in the Buyer Brokerage Agreement during the term of the Buyer Brokerage Agreement, or perhaps, during a "Protection Period" following the term of the Buyer Brokerage Agreement.

With the buyer's consent, typically set forth in the Buyer Brokerage Agreement, the Buyer's Broker may request, in advance of the buyer making an offer on the property, that the seller or Listing Brokerage compensate the Buyer's Brokerage instead of the buyer compensating the Buyer's Brokerage. Alternatively, a buyer may request in the purchase offer that the seller pay the Buyer's Brokerage. The seller may agree to do so or the seller may counter that term of the offer. In the counteroffer, the seller may agree to pay some lesser amount to the Buyer's Brokerage or may refuse to pay anything to the Buyer's Brokerage.

IF THE SELLER OR LISTING BROKERAGE AGREES TO PAY THE BUYER'S BROKERAGE, IS THE BUYER ALSO OBLIGATED TO PAY THE BUYER'S BROKERAGE PER THE BUYER'S BROKERAGE AGREEMENT?

Potentially. It is important to note that a Buyer's Brokerage may **NOT** receive from any individual source or multiple sources (Listing Brokerage, Seller and/or Buyer) more than the total amount of compensation the buyer agreed to pay the Buyer's Brokerage under the Buyer Brokerage Agreement. This means that any amounts the Buyer Brokerage receives from the seller would be deducted from the amount the buyer agreed to pay the Buyer's Brokerage under the Buyer Brokerage Agreement. Per the Buyer Brokerage Agreement, the buyer generally is responsible for paying their Buyer's Brokerage the difference. **While a buyer and Buyer Brokerage may agree to adjust the amount of compensation in the Buyer Brokerage Agreement at any time, neither the buyer nor the Buyer Brokerage is obligated to change the amount of compensation set forth in the Buyer Brokerage Agreement once the parties have fully executed (signed) the Buyer Brokerage Agreement.**

CAN A BUYER ENTER INTO MULTIPLE BUYER BROKER AGREEMENTS?

A Buyer Brokerage Agreement is a contract, and it obligates the buyer and the Buyer's Brokerage in various ways. In the Buyer Brokerage Agreement, in addition to agreeing to an amount of compensation, the parties (the Buyer and Buyer's Brokerage) will agree to the term or time period of the Buyer Brokerage Agreement and to the property or types of properties to which the Buyer Brokerage Agreement applies. During the term, **the Buyer Broker Agreement will be an exclusive agreement**, meaning the buyer has agreed to work exclusively with that Brokerage for the purchase (or lease) of the property or properties identified in the Buyer Brokerage Agreement. **Buyers should carefully read and understand the terms of the Buyer Brokerage Agreement before signing and should NOT enter into multiple Buyer Brokerage Agreements for the same time periods covering the same property or type of properties. To do so could make the buyer liable for paying multiple Brokerages for the purchase or lease of one property.**

BUYER BE AWARE: Your Buyer Broker may send you a Buyer Brokerage Agreement through an electronic signature platform. By electronically signing the agreement through that platform, you have created a legally binding contract.