



## Compensation When Working With Builders

**My buyer client is purchasing a new home from a builder who is demanding to see our buyer representation agreement to verify the amount of compensation my client has authorized me to receive. Do I or the buyer have to share the agreement?**

No. It is inappropriate for a builder—or any listing broker or seller—to demand to see brokers' confidential agreements with their clients. The buyer/tenant representation agreement is a confidential document between the buyer and that buyer's broker. Under NAR policies, a buyer's broker is not required to disclose to the builder—or any listing broker or seller—any information in the buyer's representation agreement.

If the compensation the builder is paying the buyer's broker is more than what is stated in the buyer representation agreement, it is up to the buyer's broker to amend the representation agreement with the buyer or make other arrangements on how to account for any overage.

If a builder refuses to sign either a compensation agreement or sales contract without being provided the buyer's representation agreement, the buyer's agent should discuss the situation with the buyers. The buyers have several options:

- They can give permission to disclose the terms of the buyer's representation agreement.
- They may choose to not submit an offer on that property.
- They may choose to submit an offer without providing a copy of the buyer representation agreement to begin negotiations.

**Under NAR MLS rules, are buyer's agents able to receive bonuses from builders?**

Yes, a buyer's agent can receive a bonus if the agent discloses the specific amount of bonus offered to the agent and receives authorization from the buyer to receive that amount. The agent can use the Texas REALTORS® *Amendment to Buyer/Tenant Representation Agreement* (TXR 1505) to specify the amount of the bonus the agent will receive and obtain the buyer's authorization. This form requires the bonus to be specific to a particular property. Since the bonus is being paid by the builder, the buyer is not obligated to pay the bonus. All compensation paid to an agent must be paid to that agent's broker except with the written consent of the agent's broker.