



Unleash The Power!

MetroList MLS Rules Hot Topic 5

What does V/R mean?

The MLS has no role whatsoever in the establishment of commissions and there is no “standard commission” or “fixed commission” of any type whatsoever. Some Participants and Subscribers are under the mistaken impression that the entry in the Commission Field is one-half of the total compensation being paid by the seller and that one-half of the total compensation is what they are entitled to. That is not necessarily the case.

Remember the blanket unilateral offer of compensation discussed earlier? The amount in the Commission Field is the amount the listing broker is agreeing to pay the cooperating broker. It has nothing whatsoever to do with the total compensation paid by the seller to the listing broker. V/R means that there is a Dual or Variable Rate Commission. In brief, a Dual or Variable Rate Commission is a commission payable to the listing broker that varies based on the circumstances surrounding the sale.

For example, if the listing broker both lists and sells the property, the listing broker may agree to a lower total commission than what would have been paid if a cooperating broker sold the property; or the listing broker may agree to a lower total commission if the sale results through the efforts of the seller. A Dual or Variable Rate Commission is not a commission that varies based on the sale price of the property!

The important point to remember in a fast moving market is the requirement that the listing broker disclose the existence of a Dual or Variable Rate Commission, because offers from cooperating brokers may need to be adjusted to provide the seller with an equal net amount compared to an offer that the listing broker might produce. MLS [Rules](#) 7.22 and 7.23 state:

7.22 No Control of Commission Rates or Fees Charged by Participants. The MLS shall not fix, control, recommend, suggest, or maintain commission rates or fees for services to be rendered by Participants. Further, the MLS shall not fix, control, recommend, suggest, or maintain the division of commissions or fees between cooperating Participants or between Participants and non-participants.

7.23 Dual or Variable Rate Commission Arrangements. The existence of a dual or variable commission arrangement shall be disclosed by the listing broker by a key, code or symbol as required by the MLS. A dual or variable rate commission arrangement is:

- a.** One in which the seller agrees to pay a specified commission if the property is sold by the listing broker without assistance and a different commission if the sale results through the efforts of a cooperating broker; or
- b.** One in which the seller agrees to pay a specified commission if the property is sold by the listing broker either with or without the assistance of a cooperating broker and a different commission if the sale results through the efforts of a seller.

The listing broker shall, in response to inquiries from potential cooperating brokers, disclose the differential that would result in either a cooperative transaction or, alternatively, in a sale that results through the efforts of the seller.