



DO *realtors* DESERVE THEIR *commission*?

BY DON KOTTICK



Anyone who has gone through the agony of selling privately has experienced the untimely and invasive telephone inquiries, the writing of marketing and advertising materials, the uncertainty of knowing what is to be disclosed during an offer and what

should not be, navigating the legalese of the Agreement of Purchases & Sale and all the other related documents (Receipt of funds, FINTRAC forms, etc.) and finally the uncertainty of the proper procedures and protocols to be following in a typical real estate transaction. Yes, there are a few individuals who have the fortitude and time to sell privately and some have been successful, but the majority of these players – not so much.

Most private sellers (FSBO – for sale by owners) often revert back and employ the services of a Realtor after being frustrated by the process. The use of a Realtor serves as a buffer from the tire-kickers, the time wasters and the nosy neighbour. A Realtor is regulated by the Real Estate Council of Ontario (RECO), which is the Delegated Administrative Authority that falls under the jurisdiction of the Minister of Consumer Services. The Realtor is also subject to a Code of Ethics through the Canadian Real Estate Association and the Real Estate and Business Brokers Act 2002. Engaging a Realtor through an agency agreement, such as a listing agreement or buyer's representation agreement, creates an agency relationship ensuring a fiduciary responsibility is created for the Realtor to act in good faith, with loyalty, in confidence and to provide full disclosure to their client.

If you sell privately, the other party is not acting in your best interests and is under no obligation to disclose relevant information and the path to seek remedy or restitution is likely legal in nature and potentially costly. Since a Realtor is regulated by RECO and accountable to their Brokerage and their Real Estate Board, they are considered professionals in the eyes of the legal system and held to a higher standard.

As the President & Broker-of-Record of Right At Home Realty Inc., I often am asked, "Do you really think Realtors deserve the commissions that they are paid?"

A Realtor provides a level of comfort to either a buyer or seller by stick-handling the potentially litigious arena of home ownership. This arena is fraught with many landmines that an untrained individual could very easily detonate. The legal system has many examples where private sales have gone bad. A Realtor representing a client with an agency agreement is always going to look out for the best interests of that client. Working with a Realtor provides a plethora of support from the Realtor, but also from the Brokerage and industry as a whole.

Another often forgotten item when discussing Realtor commission is the amount of time, energy and expenditure that Realtors incur when clients or transactions do not come to fruition. Residential Real Estate is one of the rare professions where much of the work has no compensation when the listing does not sell or the buyer does not purchase, even if work has been done.

As Real Estate is fluid and every changing, a Realtor is required to take continuing education courses within every two year cycle, along with an update course administered by RECO to insure they are up-to-date on recent legislative or regulatory changes.

After receiving their initial licenses, Realtors have two years to complete a series of articulating courses. After this period, Realtors must take further courses to attain their Broker licenses and designations. If the Realtors wish to further differentiate themselves through professionalism, they can also attain their "FRI" – Fellow of the Real Estate Institute of Canada designation from the Real Estate Institute of Canada.

In summary, these are only a few of the reasons why a Realtor who embodies the true spirit of entrepreneurship truly earns their commission.

Don Kottick, FRI, is the President & Broker of Record of Right At Home Realty Inc. with over 2,600 Realtors serving the Greater Toronto market. Don is also a Director-At-Large at the Toronto Real Estate Board (TREB) along with being Vice Chair of TREB's Government Relations Committee and Chair of TREB's Condominium Committee. 