

READ THE TEXT AND ANSWER THE QUESTIONS:

The Relationship between Brokers and Agents

In some states, a **real estate broker** and a **real estate agent** will hold two completely different licenses. In these states, the first-level tier is licensed as a real estate agent (aka – real estate salesperson) and the second-level tier is licensed as a real estate broker.



In these states, a **real estate agent** is required to hold their license and operate underneath a real estate broker or brokerage and pay a portion of their commissions to that broker in exchange for operating under their license. The broker will also commonly provide supplemental training, support, and resources for the agent.



Two-Tier States

The relationship between real state agents and brokers.



Real Estate Agent

- Passed licensing exam and can sell real estate.
- Required to work with a broker and split commissions with them.

Real Estate Broker

- Agent with additional experience and education.
- Can manage other agents and collect a portion of their commissions.

Real Estate Agent

- Passed licensing exam and can sell real estate.
- Required to work with a broker and split commissions with them.



This system is set up under the assumption that a real estate broker is more experienced than the agent and needs to provide oversight in order for an agent to be successful.

Commission splits between agents and brokers are typically between 80/20 to 50/50 depending on how much value the broker brings to the relationship.

There are many agents that have the same or even more experience than their overseeing broker, but they may choose to remain an agent to avoid the tedious process of becoming a broker themselves.

A real estate broker can conduct all the same activities as a real estate agent but they aren't required to hold their license under anyone else in order to conduct business.

If a broker makes a commission for servicing a sales transaction in real estate they can keep the entire commission. Due to this, a real estate professional may obtain their real estate broker status simply to avoid commission splits and decline other agents from operating under their license.

In other states, all real estate professionals who are licensed to sell real estate are technically labeled **real estate brokers** but the higher-credentialed brokers are designated as a **managing broker** and are required to have at least two years of active experience and additional education.



In these states, it's common for the layperson to refer to non-managing brokers as "real estate agents".

A managing broker manages a non-managing real estate broker in the same way that a real estate broker manages a real estate agent in a two-tiered state.

In **commercial real estate**, whether a person is licensed as a real estate agent or as a broker, it's customary to refer to all licensed professionals as real estate brokers and refer to the more-credentialed tier as managing brokers.

QUESTIONS:

1) Who will pay a portion of their commissions?

- Estate agent
- Broker
- Salesperson

2) Who provides supplemental training, support, and resources for the agent?

- Estate agent
- Broker
- Salesperson

3) Which broker has additional education and active experience?

- real estate broker
- managing broker

LISTEN TO THE AUDIO AND WRITE DOWN THE MISSING WORDS:

Apprentice (M): Excuse me, Carolyn. I just noticed your broker's _____ on the wall.

Agent (F): That's _____. What about it?

Apprentice: I didn't realize that you were a _____. I thought you were a _____.

Agent: Ah, right. Well, I'm actually an _____ broker.

Apprentice: What does that mean?

Agent: I work under the supervision of our _____ broker. That's Mr. Andrews.

Apprentice: I see. But you could _____ your own brokerage.

Agent: Yes, but I just recently got my license. I wanted some experience first. And Mr. Andrews needed my _____ here.

Apprentice: Oh, that makes sense.