

I have four points that I would like to recommend for this FTC DOJ workshop, compensation structure, agency disclosure, education for real estate licensing, and technology advancements forming new real estate models. I recently graduated with my Master's Degree in Residential Real Estate from Realtor® University. I would like to share my Thesis from May 2017 since it references many of my arguments.

My first point is the common commission structure used throughout most states. The listing agent technically controls the commission that the seller is willing to compensate for both sides of the transaction. In my experience on sitting with listing agents on listing appointments, I do not see the agent explaining the commission structure further than just asking for the total commission amount. Thus, the listing agent is unfairly controlling the commission split with the opportunity to keep a larger portion leaving the seller is clueless. There are many listings sheets that also show different compensation percentages to the agent types working with the buyer (buyer agent, transaction broker or facilitator, seller's agent, designated agent). I have witnessed different compensation values in the above agency compensation boxes on listing sheets since a multitude of agents misunderstand agency all together. Maybe commissions should be de-coupled whereas the seller is responsible for the listing side of the commission and the buyer is responsible for the buyer's side of the commission. The unfairness to the consumer and to many of the agents bringing the buyer to the transaction table has been going on the same way for too long. Buyer agency has become prevalent and the consumer is becoming more knowledgeable through technology, this old concept should be abolished so that the compensation and agency is clearly understood by all parties offering compensation in the real estate transaction.

This brings me to my second point that agency in its' many forms is a confusing misconception for many brokers, most agents, and the consumer. Why can't agency be black and white and just eliminate the shades of gray so that the consumer is always represented and protected? The lobbyists and law makers cater to the large real estate firms that want to double dip on commissions. Shouldn't the consumer come first? Why do we allow dual agency or transaction brokerage and designated agency? Is there any benefit to the consumer? Real estate is evolving, yet agency disclosure is still stuck where most agents are working as secret agents, many of which don't understand their state agency disclosure laws and practice improperly potentially hurting consumers. In sharing my Thesis, I would like you to read Section 2.2. I called and surveyed agents around the country for their state's agency disclosure and asked them to explain it to me as if I were the consumer. There was an overwhelming amount that didn't know what I was talking about, gave me incorrect info, or told me they couldn't answer.

Thirdly, there are too many agents out there with minimal training. Real estate licensing needs to become an associate degree with an apprenticeship program. It needs to become a profession, not a part time job. There is so much continuing education and designation courses, but more training is needed before a person becomes licensed.

My fourth and final point is technology is changing the industry. Despite what NAR says to keep its' membership in order, real estate professionals are not only competing with other agents but are now competing with technology in the forms of (AI) artificial intelligence, robotics, and other peer to peer platforms (please see 2.1 & 2.3 in Thesis). Many consumers are looking to save on commissions, especially when selling a home, and have technology skills that may even surpass the agent they were going to hire. Technology may downsize the industry on the listing side. And as technology takes away business, stronger competition will arise amongst agents for business, and could lower industry compensations further. In conclusion, the consumer is at a disadvantage when they are buying or selling the most expensive item in their life. Deficiencies in formal education for licensing, lack of easy to understand agency laws and disclosure, and the uberization of real estate are affecting fair competition and giving the consumer less than they deserve.