

**Odessa Realtor Bucks ‘Six Percent’ Tradition**  
***As U.S. Government Official Pushes for Competition in***  
***Real Estate Brokerage Services***

Realtors like lawyers and yes even journalists have acquired a bad name, and it's called "six percent."

Even with today's housing slump some realtors boast of huge paydays by commanding a six percent commission rate even though the price of homes have quadrupled in the last 25.

According to a 2005 study by the U.S. Government Accountability Office (GAO), a congressional investigative arm, commission rates continued to range between five percent to seven percent of a property's selling price — regardless of local market conditions, housing prices, or the cost or effort required to sell different properties.

However, as the online real estate market continues to thrive and as homeowners use their own business savvy to sell their homes, realtors will have to reinvent how they do business.

Broker Colleen Johnson of Odessa-based Tri County Realty has done just that by reducing the company's commission structure from property sells to 3.75 percent.

“People aren’t using realtors the way they use to,” Johnson said. “The competitive landscape has changed, now we’re competing with our very own target market—homeowners.”

Last summer, in a statement before Congress and the Housing and Community Opportunity Committee on Financial Services, J. Bruce McDonald, deputy assistant attorney general for the U.S. Justice Department Antitrust Division, said that real estate brokerage authorities have been urged to adopt so called “minimum services” rules, requiring brokers to provide abbreviated services.

The traditional broker model provides virtually all non legal services included with a home sale transaction like marketing, negotiation, and closing in exchange for the broker’s percentage of commission.

However, some consumers are breaking from tradition and demanding to purchase fewer services, handling certain functions themselves in exchange for paying out smaller fees to brokers. In some cases and in some states this consumer demand is establishing new broker business models with menu-like packages at reduced rates.

“Where the consumer choice is allowed home sellers and buyers have been able to save thousands of dollars in individual home sales,” McDonald said.

On the flip side McDonald also stated that some brokers are resisting these developments and urging their state legislators, regulators, or local real estate boards to impose restrictions that prevent any broker from offering less than a specified list of the “minimum services” under the banner of “protecting consumers from unwittingly agreeing to standard service.

“But we have not found evidence of consumer confusion, so it appears that the effect of these restrictions is not to protect consumers, but to interfere with their freedom to choose and pay for only the services they want,” McDonald told the committee.

Sold on the competitive implications for minimum services, states like Oklahoma, Virginia, and New Mexico have passed legislation to enable brokers to offer this new service model which in turn enables home buyers and sellers to select what services they want to pay for.

Closer to home, Colleen Johnson’s approach to service offerings still differs from what McDonald asserts is in the best interest of the homeowner.

“For us, being competitive is offering clients a lot for a reasonable amount of money,” Johnson said.

“Tri County Realty doesn’t have franchise fees or high overhead. We are better positioned to pass savings onto our clients...and they are thrilled. We offer them full service simply at a reduced rate. Slashing our commissions was just something that needed to be done.”