



THE COMMISSION STATEMENT HANDBOOK

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Commission Statement

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FAQ

Lincoln Park Agents: **PLEASE NOTE THAT REQUESTING COMMISSION STATEMENTS FROM THE MC HAS BEEN PHASED OUT.** As we are now KW1C, the number of commission statement requests will be too great for any department to keep up with the demand. With this in mind, we have updated our policy so that all agents create their own commission statements and then upload + submit them to their opportunity for approval.

See the following information for more details.

What is a Commission Statement?

A commission statement is a letter that you prepare indicating the final commission owed to KW1C for the sale of the property. It also includes how the co-op commission should be paid at closing, and accounts for the earnest money we have in escrow. This statement is typically sent to the seller's attorney for calculating final closing figures.

How do I know if I need a Commission Statement from the market center?

A commission statement is required when we are on the list side of the transaction (when you are the listing agent for the property). With a few exceptions, a commission statement is not required when you are on the buy side..

How do I request a Commission Statement? What info do you need?

requesting commission statements from the Market Center will be phased out once all agents are onboarded to KW1C. To create your own commission statement, follow the instructions in this manual. You will need the following final details of the transaction: closing date and title company info, confirm parties involved, amount of earnest money we should have in escrow, and confirm how the commission should be paid out at closing (percentages, net vs gross, MLS or Admin charges, any reductions, etc...).

If we're holding earnest money, how does that work with the closing and commission?

Generally speaking, if we are holding earnest money for a transaction, we will retain from the earnest money any commission owed to KW1C. If the earnest money we have in escrow is less than what is owed to us, then the Title Company will provide a check for the difference at closing. If the earnest money we have is more than what is owed to us, the market center will wire any overage to the Title Company for proper disbursement at closing.

What about when we're on the buy-side, what are the exceptions that would require a commission statement?

You will need to follow this same process if we are on the buy-side of the transaction, and there is no brokerage on the list-side. This is what we refer to as a For Sale By Owner, or FSBO.

Why do I need to create a Commission Statement? Didn't I already provide all of this on the Commissions Tab when we went under contract?

Often in a transaction, there can be changes to the contract during the contract-to-close period. After you've already submitted the Commissions Tab, there could have been a change in the price, a credit may have been negotiated, the closing date may have moved, a commission amount may have changed, and most importantly, we need to verify that we have in escrow the amount of money we are supposed to have. Creating a Commission Statement and submitting it for review to the Compliance department (compliance@kwonechicago.com) allows us to double check all of this information and if anything has changed, reflect it on the final statement and prepare a wire for closing, if necessary.

A change in commission, what does that mean?

There may be a need from time-to-time to adjust the commission that either KW1C is receiving, or the co-broker is receiving. If the commission changes from what is stated in the listing agreement we have with the seller, or what is stated as the co-op in the MLS that we are paying the co-op brokerage, then additional documentation will be required. If at any time we are paying a co-op brokerage less money than what is stated in the MLS, a signed waiver must be received by the Managing Broker (not the agent) of the co-op brokerage. Should you have a transaction where the commission is adjusted, please contact your Managing Broker at ManagingBroker@kwonechicago.com and the Compliance Department at Compliance@kwonechicago.com for assistance.

What about those times that we're on the buy-side, there is a listing brokerage, but we're the ones holding the earnest money?

Some brokerages do not hold earnest money. If you encounter that with a buyer transaction, then KW1C can be the escrowee so long as the contract reflects that. 3-5 business days before closing, you will need to send a closing confirmation letter from the title company to the Compliance Department at Compliance@kwonechicago.com. Unless instructed otherwise by the listing brokerage, if we are on the buy-side of the transaction and holding earnest money, ALL earnest money is wired to the title company for closing, we do not retain any of it as commission. The title company will then disburse the KW1C commission check at closing.

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**CREATE
YOUR OWN
COMMISSION
STATEMENT**

How to create your own Commission Statement

NOTE: Commission statements should be created and submitted for review in the opportunity no less than 5 business days before a scheduled closing.

1. Open the Excel document "Commission Statement - Template"
2. Among the tabs across the bottom of the statement sheet, choose which type of deal applies to you. The options are External Co-Op, InterOffice, No Coop/Dual Agency, FSBO, Relocation-Paid at Close.
3. Fill in the cells highlighted in *YELLOW only*. This will auto-populate the information in the statement portion on the right of the sheet. No cells should be left blank. Enter either "Unknown" or "0".

Cells to Pay Attention to:

Title Company or File Number - If you do not know this information then write "Unknown." Do not leave the space blank. This info is only necessary when we are holding excess Earnest Money funds that will need to be wired to Title.

Closing Cost Credits - **IMPORTANT**: This is the credit decided in the contract. Or, if there was a credit negotiated for inspection items or during attorney review, then Compliance needs the Attorney Review letter or Contract Addendum to be uploaded to the opportunity and submitted for review.

Total Commission Charged - You will fill in the total commission that was agreed upon in the Listing Agreement. This is typically anywhere from 4.5%-6%. Note - anything less than 4.5% has to be discussed with Kara Boeldt our Managing Broker at managingbroker@kwonechicago.com

Admin Fee - This line can include both the Additional Income and the Seller Obligation as agreed in the Listing Agreement. The seller obligation is also known as the marketing/listing fee and is commonly paid to the MC before going Under Contract. If this has not been paid, it can be added to the Admin Fee in the commission statement.

Cont'd: Cells to Pay Attention to

Credits and Adjustments - This number will need to be added as a negative number. Any credits or adjustments often require extra documentation from the MC. Please email compliance@kwonechicago.com before creating the commission statement and the documentation will be provided to you.

MLS Fee - Filling in this line will both add the fee amount to your commission and also deduct it from the co-broker commission automatically.

Gross or Net - Both sides of a transaction should be paid out based on the offer of compensation recorded in the MLS listing. If the listing indicates that the co-broker compensation is drawn from the Net SP, for example, then so is that of our agent. The same principle applies for gross commission.

4. Once all the cells have been filled in, you will notice the statement on the right has calculated all commissions and excess earnest money based on the information you entered.

5. Review your numbers and commission amounts are correct. Then Print or Save As PDF. PDF is recommended so you can save the digital file among your records. Also, it is the only format in which documents can be uploaded to the opportunity.

6. Upload a copy to the Commission Statement placeholder in your opportunity. Then hit the **SUBMIT TO MC** button. If the Submit to MC button is never pressed, it won't be placed in our queue for review.

NOTE - If the commission statement cannot be filled out 5 days in advance of the closing date, email it to compliance@kwonechicago.com and we will review it that same day.

**For any questions or tutorials, reach out to the
Compliance Department at
Compliance@kwonechicago.com or tune into the
Compliance & Transaction Open Forum -
daily from 1-2:30PM via Zoom.**

Link:

**[https://us02web.zoom.us/j/88386739558?
pwd=U1cvNjZnaTV2SWQ5VlN0bzBRWndUUT09.](https://us02web.zoom.us/j/88386739558?pwd=U1cvNjZnaTV2SWQ5VlN0bzBRWndUUT09)**