CONSUMER POLICY CENTER

“JUNK” FEES CHARGED TO BOTH HOME SELLERS AND BUYERS: AN OVERVIEW

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The recent Florida lawsuit against Compass has focused new attention on "junk" fees charged by real estate brokers.[1] The lawsuit claimed that Compass Florida "committed unfair and deceptive practices by attempting to collect and actually collecting an illegitimate fee from buyers of residential properties."[2] The fee collected was called a "transaction fee" but goes by many other names, most frequently, "administrative fee" or "admin fee." All indications are that the fees have been increasing in frequency and size – sometimes exceeding $1,000 -- and now are charged to most home buyers and sellers. Some real estate agents have criticized these fees as severely as have consumers and consumer advocates.

This report discusses what is known about these fees – what they are called, the frequency with which they are charged, their levels, who imposes and collects them, whether they are disclosed and when, what agents say about them, and what consumer advocates think about them. The study also discusses ways to mitigate junk fee abuses, including the role of litigation and regulation, as well as offering advice to home buyers and sellers.

The major challenge in examining these fees is the paucity of collective data. We are not aware of any publicly available source of data about junk fee practices. The main source of information about these fees is agents with whom we have personally communicated and other agents who have commented in social media sources such as Reddit, Quora, TikTok, and Facebook. The comments of all these agents not only refer to the practices of the brokerages they have worked for, but also often generalize about practices in their cities and towns. There is often much agreement among these comments. Consequently, while uncertain of the specific frequencies of industry practices, one can sometimes venture generalizations that characterize practices, for example, as "some," "many," or "widespread." Regardless, if an unfair practice occurs in only "some" sales, it still deserves public attention. Almost all of the several hundred agent comments we reviewed were made in the past year.

Because most of our information came from industry members with whom we communicated personally or who made comments on social media, for two reasons we are limited in sourcing their comments. First, most of those making comments on social media did not identify themselves. The exception was those posting on TikTok and Facebook, and we tried to identify them. Second, those with whom we communicated

[1] Reported on by several trade publications. See: Jake Indursky, Compass faces class-action lawsuit over transaction fees," The Real Deal (June 29, 2026). Andrea v. Brambila, "Compass transaction fees under fire in new class-action suit," Real Estate News (June 26, 2026).
[2] Efron vs. Compass Florida, 15th Judicial Circuit Court, Palm Beach County, Florida (June 23, 2026). Compass charged its buyer client a $475 transaction fee, and Serhant charged its seller client a $495 transaction fee. Exhibit B of lawsuit.

personally were only willing to provide information anonymously, fearing retaliation from others. Accordingly, this study more closely resembles an investigative report by a journalist than the scholarly reports we have published in the past. Yet as always, we tried to interpret the available evidence objectively and fairly.

Junk Fee Characteristics

What the Fees Are Called: These fees are most commonly called administrative or admin fees. But they are also called terms that include transaction or realtor transaction fee, transaction coordinator fee, broker or broker service fee, broker administrative commission, document storage fee, processing fee, technology fee, and regulatory compliance fee.

Who Charges and is Charged: Typically, the fees are charged by real estate brokers to both listing and buyer agents, and the agents are expected to pass the fees on to sellers and buyers. One Midwestern agent said: "If a brokerage charges it, it is always charged to both sellers and buyers – the same amount." And others agreed. However, there appear to be many exceptions. Some brokers charge the fee only to sellers while others assess it only on buyers. One broker from an Eastern state estimated that it was charged to 30 percent of sellers and 60-75 percent of buyers.

When the fees are charged to buyers, their agents may try to persuade sellers to cover the cost. However, that effort is not always successful. As one agent noted, "in the Pacific Northwest, it is still the buyers paying."

Even when brokers do not charge a fee, some agents still do. As a broker from an Eastern state noted, when there is no broker fee "many agents charge a flat fee in addition to a percentage commission."

How Often Are Fees Charged: It appears that most home sales include admin fees. We found a large number of agent comments indicating that fees were common in their area, and no comments that the fees were rare: "Almost every brokerage in my market charges a similar admin fee." "I've been a Realtor with four different brokerages, and they all charged an admin fee to the client."[3] "These fees are common in my area." "I would say almost all brokerages charge those fees to buyers and sellers."[4] "In my area these fees have been standard operating procedure for more than 20 years." "In my market every single brokerage charges this fee." "Admin fees here in Florida are normal." A mortgage broker working in a half-dozen states said that buyer agents in all these areas charged fees. A

[3] Denise Matthews, Quora comment from Virginia broker.
[4] Gladys Montilla Pelegrin, Facebook comment from Florida agent.

Midwestern agent said that in their state, more than 95 percent of transactions included a fee on both sides. As noted above, though, one agent estimated that only 30 percent of listing agents and 60-75 percent of buyer agents charge a fee.

There are differences in the frequency of these charges at every level. At the company level, some (e.g., Compass) apparently mandate the fees while others (e.g., eXp) do not.[5] One industry expert noted that franchise operations are more likely to assess the fee. At the brokerage level, most appear to charge the fees but some do not. One brokerage wrote: "Some brokerages have eliminated admin fees entirely, recognizing that nickel-and-diming clients isn't a sustainable business model." At the agent level, as comments found in Appendix A reveal, a number of agents refuse to charge their clients and, instead, eat the expense themselves. The mortgage broker working in a half-dozen Eastern states estimated that "maybe 25%" pay the fee themselves. The dissatisfaction of some agents with these fees is discussed in a later section.

According to several agents, the fees began to be charged 20-30 years ago. An important catalyst appears to have been the decline of home sales from around seven million in 2005 to around four million in 2009 during the financial crisis and Great Recession. In 2020s, the decline in sales from a high of around six million in 2023 to the four million of the past three years probably also encouraged brokerages to charge admin fees.

Brokerages that increased the agent commission split to attract or retain productive agents had an added incentive to impose these fees. As one brokerage noted: "In recent years brokerages have been competing for agents by offering large commission splits. To offset that lost revenue they've shifted the cost burden directly to consumers through administrative fees."[6] One broker from an Eastern state cited a HomeSmart Realty ad directed at agents that offered "no splits, no surprises" while charging them a $799 transaction fee "paid by you or your client."

There was also criticism and controversy about admin fees in the aughts. In 2009, one reporter wrote: "…with revenue dwindling and commission splits with agents shrinking, an increasing number of brokerages seem willing to run the risk of generating ill will, lawsuits, and revolts by their own agents in order to collect the additional fees at closing."[7]

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[5] Indursky, Real Deal, loc. cit. Information about eXp from Holly Mayberry, Vice President of Broker Operations, eXp.
[6] Jared Frost, "The Admin Fee Trap: The $500-$1,500 Charge Nobody Told You About," Blue Pebble Group (March 17, 2026).
[7] Matt Carter, "'Junk' fee or necessity: Broker fees divide industry," Inman (May 27, 2009). This informative article represented part 1 of a three-part series written by the author and published by Inman.

Level of Fees: Thus, it is no surprise that agents report increases in the frequency of these fees over the past two decades. One journalist who interviewed agents and brokers reported: "All signs indicate that brokerages large and small have increasingly embraced the admin fee in recent years. Experienced agents across the country told me that they've seen the fee grow more common and costly." [8] An industry analyst wrote: "What started as modest charges of around $150 has expanded to fees exceeding $1,000 at some brokerages."[9] According to the Reddit comment of one agent: "My former brokerage started with a 'technology' fee of $299 and that fee was increased gradually until it was $696 when I changed brokerages."

Agents report that most fees lie between $400 and $600 but can range from less than $200 to more than $2,000. Agents have sometimes increased the broker charge and collected the difference. One broker, who also coaches agents, reported that "I've seen agents arbitrarily add as much more as they wanted, up to $2,000 in one instance." In an Instagram post, one agent urged others to do so: "Agents should be charging the fee and keeping it. I charged $995 per deal. 50 deals = $50,000 more income for the same work."[10] One reason brokers allow this, according to the comments of a couple agents, is because it incentivizes their agents to collect the fee.

One industry insider recently reviewed recent transactions from a variety of states and brokerages. Some did not include a junk fee – perhaps because they were VA or FHA financed -- but the 24 that did, charged fees ranging from $195 to $1,590.[11] A Midwestern broker reported on twelve closings from varied brokerages in one state. On eleven sales fees were charged and ranged from $395 to $799.

Cost to Consumers: The overall cost of the fees to consumers is not trivial. If one conservatively assumes that half of all buyers and sellers are charged an average of $500, the total annual cost would be nearly two billion dollars.[12] And those charged the highest fees essentially pay an appreciably higher commission. In one example from the multi-

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[8] James Rodriguez, "Real estate agents are tacking ludicrous 'junk fees' on to every home purchase," Business Insider (May3, 2023). This article represents the best recent reporting we have seen on the issue.

[9] Kevin Stuteville, "Don't Overpay: Discover the Truth Behind Real Estate Admin Fees," Effective Agents (November 27, 2025).

[10] Colton Lindsay post on Instagram (January 22, 2026).

[11] Prior to the NAR settlement, the VA strictly prohibited veterans from directly paying real estate agent commissions. Following the settlement, the VA updated its guidelines to permit buyers to directly negotiate and pay buyer broker fees at closing.

[12] This nearly $2 billion annually is a rough estimate because it is uncertain precisely how frequently the fees are charged and the distribution of their amount. But all indications from the available data is that they are charged to most buyers and sellers, so this estimate seems to be conservative.

state data cited above, the $1,590 admin fee on a $412,000 property increased the commission rate by two-fifths of a percentage point

The greatest cost of these fees, though, is borne by those selling and purchasing lower-priced homes. In another sale from the multi-state data, the $795 fee on a $126,900 property hiked the commission by three-fifths of a percentage point. The fees are regressive because they are relatively fixed, so represent a higher percentage of the sale price of low-priced than high-priced homes. Especially when the fees exceed several hundred dollars, they can impose a significant financial burden on new home purchasers with low-to-moderate incomes. It appears that sellers willing to pay buyer agent commissions are less likely to also pay buyer agent fees, particularly if they are being charged an admin fee by their own listing agent. A Pacific Northwest agent, as noted earlier, said buyers were paying the buyer agent admin fee.

Fee Disclosure: Before the settlement of the class action lawsuit in 2024, many buyers did not sign contracts with their agents early in the sale process. In August of that year, though, these agents were required to obtain signed contracts before showing properties. Many of these contracts apparently include a space to include them. According to one broker, "most of the 14 states I've worked in have buyer agreements with such a space." Increasingly, according to one expert, the fees on the forms are included as part of the commission – e.g., 3 percent of sales price plus $500 fee, but they also may be included in a space for "other expenses."[13]

However, according to some agents and brokers, admin fees are sometimes not disclosed until closing or shortly before. One industry leader who has worked in many states asserted: "I can confidently say that a large percentage of agents add it long after the transaction is underway…What I saw instead was agents adding them [the fees] to title company or attorney commission instructions days before, or often on the day of the closing. The brokerage I was with allowed modification to buyer's agency documents sometimes hours before closing." And they added that these were documents "that need to be filled with full disclosure before property is shown."

A large brokerage – based in Colorado but also active in Texas, New Mexico, California, and Florida – supports this observation: "Admin fees often show up for the first time on your Loan Estimate or Closing Disclosure. By that point you've already committed to the

[13] In an article published in 2010, one agent indicated that "many companies, mine included, have stopped charging the 'admin fee' and now claim that the commission is $x as a base plus x%." Jonthan Benya, "On Admin Fees and 'Commission'," the american genius (February 18, 2010). They may have made this change in response to an Alabama lawsuit, discussed later in this report, that resulted in court decisions allowing the fee as long as it was not paid to a third party and was adequately disclosed.

purchase, scheduled your move, locked your rate, given notice to your landlord."[14] Other agents also reported examples of failure to disclose admin fees upfront. For example, responding to a skeptical Reddit comment, a Tennessee agent wrote: "They [consumers] may not know about the fees prior and only see it on the Alta [title agreement]…I am saying I have seen it with my own eyes on Altas and have worked with agents that have done it."[15]

Some Real Estate Agents Criticize the Fees and Often Waive Them

As can be seen by their comments in Appendix A, some agents are highly critical of junk fees. They refer to them disparagingly as "ridiculous," "bullshit," "unethical," "ticky tack," "gross," "greedy," "bottom-feeding," "bogus," "petty," "garbage," "money grab," "absolute crap," "stupid," "smelly," "robbery," and "shocking." In response, some brokers tried to justify the charges by arguing that their costs, for things such as improved technology, were rising. They received little sympathy from agent critics.

Agents do not like the fees for a couple of reasons. One is that they believe the fees are unfair to buyers and sellers. Some of the characterizations of the fees in the previous paragraph, such as unethical and robbery, denote that. Agents observe that the commission provides generous compensation then to compound the unfairness, admin fees sometimes are not disclosed.

A second reason is that the agents have difficulty explaining and justifying this fee to clients who either, in the case of buyers, thought that the seller was covering all fees or, in the case of sellers, felt that an additional fee on top of a 5-6 percent commission was unfair. A Midwestern agent complained: "I HATED having to explain it (because the script they gave us was bs) and eventually just started to tell clients that it was as it appeared – a way to increase profit for the corporation."

Most agents criticizing the fees on social media said they waived the fee and covered the expense themselves. As noted earlier, a mortgage broker estimated that agents pay the fees on about one-fourth of sales. As one noted: "It's been a huge point of frustration for Compass agents. The majority of us are eating the cost vs passing them on to the client." Furthermore, a number of agents (quoted in Appendix A), including the one cited in the previous sentence, said they either left a brokerage because of the fees or refused to join a brokerage which charged them.

[14] Frost, The Admin Fee Trap, loc. cit.
[15] Christine Chandler comments on Facebook.

How to Protect Consumers

Litigation: Any fees should be clearly disclosed in the initial agreement between agent and client. Consumer protection laws in most states require this disclosure. Before August 2024, in most states buyer agents were not required to obtain signed contracts but now they are. The 2024 settlement of the class action lawsuit required that buyer agents obtain the signature of their clients on a contract before showing homes. That requirement has been modified by several states, but the agents still must obtain a signed contract before an offer is submitted.[16] When junk fees are not disclosed on initial agreements but added later, brokers are especially likely to be sued. The Florida lawsuit could be influential in part because the imposition of a fee on all Compass clients in the state provides grounds for a class action.

Failing to disclose junk fees could also support broad subpoenas, consumer-protection claims, and "merger-related theories about platformized brokerage control," according to an MCAI Lex Vision analysis of Compass transaction fees.[17] This analysis estimates a risk of 70-85 percent for attorneys-general expanding existing Compass scrutiny to include transaction fees, a risk of 65-80 percent of one or more attorneys-general issuing consumer-protection subpoenas or civil investigative demands over fees, and an 55-70 percent risk that multistate attorney-general interest in copycat suits emerges. If the industry continues to concentrate, balkanize and hide important information, and also impose more and higher junk fees, those percentages may increase.

At this time, private litigation appears to be a more promising road to reform than government action. State attorneys-general with limited budgets are overwhelmed by the need to challenge administration initiatives as well as attend to their regular business. In the current administration of the federal government, the Federal Trade Commission, Department of Justice, and Consumer Financial Protection Bureau (CFPB) appear to have no interest in travelling down any road here. However, there is one important precedent for a federal agency carrying on the work of private litigators.

In 2004, JRHBW Realty was sued in an Alabama District Court for charging a "duplicative" $149 administrative fee on top of a commission (Busby v RealtySouth). The court dismissed the case, but the U.S. 11th Circuit Court of Appeals reversed this dismissal. In 2009, the District Court issued an opinion finding that the admin fee violated the Real

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[16] Brooklee Han, "From Alabama to Texas: A patchwork of buyer agency laws emerges after NAR settlement," HousingWire (April 2, 2026).
[17] Noel Le, "MCAI Lex Vision: Compass Transaction Fees Convert a Private-Listing Dispute Into a State AG Platform-Control Case," mindcast-ai.com (June 26, 2026).

Estate Settlement Procedures Act.[18] In 2012, the U.S. Supreme Court ruled for defendants on a similar case, which effectively ended the litigation. However, this case attracted the attention of the CFPB, which in 2014 took an enforcement action against RealtySouth for a number of RESPA violations, imposing a $500,000 fine on the brokerage.[19]

Recommendations to Home Buyers and Sellers: Both home sellers and buyers have the opportunity to challenge and try to reject the fees. They should scrutinize initial contracts. If the document includes an administrative fee, consumers should ask why the percentage commission does not cover this cost. As a result, many agents are likely to remove it. If they do not, consumers should consider changing agents. If fees are not listed in the initial contract but show up much later in the sales process, as allegedly was the case in the Florida lawsuit, both sellers and buyers should object. The agents, brokers, and title companies will have too much at stake – their compensation – to risk jeopardizing the sale over a fee of several hundred dollars. If the fee is substantially more, consumers should consider saying that they would like to consult their own lawyer before signing any papers. Agents and brokers will then worry not only about a lost sale but also about being sued. In most states, laws require that these fees be disclosed upfront to buyers and sellers.

Summary and Conclusions

Despite fragmentary evidence, there is sufficient information about junk fees made available by industry insiders to allow qualified generalizations about these charges. The available evidence suggests the following characteristics of these fees.

- The fees usually are charged by brokers to agents then passed on to home buyers and sellers, though in some instances are increased by agents who retain the difference and in other instances are charged by agents not by brokers.
- In most sales, both buyers and sellers are charged junk fees that range from less than $200 to more than $2,000 but usually are in the range of $400 to $600.
- The fees were first charged 20-30 years ago but have increased in frequency and size since then. Precipitous declines in sales during two housing recessions, and the attempt by brokers to offset income lost from higher agent spits, are two factors that help account for these increases.
- We roughly estimate that home buyers and sellers pay nearly $2 billion annually in junk fees. In some instances, these fees effectively raise the commission rate appreciably. For example, two $750 fees on the sale of a $400,00 home effectively

[18] "Administrative Fees," Legal Update, Wisconsin Realtor Association (June 11, 2011).
[19] Consumer Financial Protection Bureau, "CFPB Takes Action Against RealtySouth for Mortgage Disclosure Violations," May 28, 2014.

increase the rate by over one-third of a percentage point. A fee of $750 for a first-time home purchaser can be particularly burdensome because it is often paid by the buyer not the seller and because it must be paid at closing.

- The junk fees are sometimes not disclosed until closing or shortly before. This delay in disclosure violates the terms of the 2024 class action settlement and many state laws.
- At present, the most outspoken critics of junk fees are real estate agents who are morally offended by the charges and/or have difficulty justifying them to clients.

The report encourages regulators to penalize unfair practices and lawyers to file complaints against them. It also encourages homebuyers and sellers to scrutinize contracts for junk fees and object to those charged. When the fees are not disclosed until closing, consumers should report these unfair practices to regulators and litigators.

APPENDIX A: COMMENTS ON FEES BY AGENTS

Reddit

I'm on the team that thinks we are highly paid professionals and ticky tack fees make us look like AHoles.

I pay the small admin fee from my commission. Sneaking that in or even adding to the already generous pay we make, is gross to me.

I have paid it for all clients for years.

My brokerage didn't tell me about the admin fee until after I got my buyers under contract…But once I found out, I decided to eat the cost and just take it out of my commission instead of informing the buyers. I don't understand how we are supposed to charge more fees on top of our commission, that people already argue is too high.

I hate having this discussion with my clients because it feels like a greedy junk fee charged by brokerages.

My realtor added $699 fee on both sides of the transaction with them and left me with a bad taste in my mouth.

I don't like them at all. We don't do that, but I have friends at brokerages that do.

This bottom-feeding behavior.

I would flat out refuse to pay it.

I think they're tacky and several brokerages charge them in my market. I would never. I'd just eat it if my brokerage tried to.

The fees are completely bogus. Just extra profit for the brokerage.

Both of my brokerages have been doing this for years. Hate it, but I pay it. I'd never pass it on to my clients.

Admin fees are annoying & they really make it feel like clients are being hit with extra charges for no good reason. Most agents either cover the fee themselves or move to a brokerage with cleaner pricing.

I never worked for a broker to charge that kind of fee. I would never pass that on to my clients.

I worked for a brokerage that charged us a transaction fee per side. It was never passed on to the client.

These fees are common in my area. I used to pay them myself. But for the past five years we've been an independent husband and wife team. No fees. It's wonderful.

I've already dislike them since I first started hearing about them the last time prices dropped (2007/2008 or so). Back then I would pay them myself because I disliked them so much and now I own my own brokerage and will never charge an admin fee no matter what happens with prices.

My old brokerage charged $499 and I could never get comfortable with it. I joined Real as a solo agent. Much happier.

I'm a Realtor and I pay the fee out of my commission rather than passing it onto the customer or client.... Personally I think passing it onto the client is petty.

My brokerage charges $250 whether I represent the buyers or sellers....I just pay it out of my commission so I don't get any pushback.

These fees are nothing new....I think they're garbage and as a rule, I do not charge them. [has own company]

I never require my buyers to pay the additional flat fee … they are already paying enough.

I've never charged a broker admin fee. The big names can keep charging it, though – I love telling clients about the $500-900 admin fees almost every other brokerage charges in my market.

Had a brokerage recruiting me hard, and was considering moving to them until I got into the weeds and found out they had a similar fee. I immediately shut down the conversation and told them it was a dealbreaker for me.

My point is that no one understands the admin fee. It's just another money grab.

As an agent, I can tell you that these fees are absolute crap fees that brokerages force on every transaction…In all my years of working as an agent I have once charged a cline this fee. I cover it for every single client because I refuse to make a client pay such a BS fee.

The extra $425 "brokerage fee" is pure gravy for them [brokerages] and almost always waivable if you push back politely in writing.

My brokerage charges a $295 fee. If I charge 3% I eat the fee because I think it's stupid and kind of insulting.

Quora

I wouldn't charge it. … I don't care about "company policy." My policy is to not pay bullshit fees.

Charging sellers this fee is just smelly, it stinks. [Still, on most homes, he charges it.]

Other Sources

I waive my admin fee which also means I pay for it myself.

I've never charged an admin fee in 25 years in business.

Personally I cover that fee for my clients.

My brokerage has a $399 admin fee for every transaction. It can be paid by the client, but I always just pay it. My clients are paying enough.

I left a brokerage because of this mandatory fee.

I don't charge fees just a percentage.

We are independent and do not charge an admin fee.

Many of the agents that I have worked with do not charge that fee.

Agents don't like them and get no part of it but they have to charge if the brokerage wants it.

CB does this [charge an admin fee]. That why I just left them and went to Re/Max.

It is robbery!… Brokerages are putting these ridiculous hidden fees on to the transaction because they can.

I always pay the Admin Fee to my customers and I donate 10% of my commissions back to a local non-profit, too.

I am a Realtor and I didn't go with a local broker because they would want to charge my client an admin fee. I am definitely not a fan of extra fees for my clients!

I left a brokerage because I couldn't get myself to ask my client to pay that both ways when commissions are being paid and the broker already took 20-30%.

That is why I left my older brokerage…I thought it was annoying so I paid for it for my clients until I could leave. My new brokerage doesn't have all these additional fees.

I saw another realtor charge their client "$450" for their transaction coordinator. I had never seen it before and I was actually shocked.

It's been a huge point of frustration for Compass agents. The majority of us are eating the cost vs passing them on to the client. It feels so unethical.

Junk fees! Irritating! I never charge for my admin fees!

Ours is $350 and I always eat the cost as an agent but it sucks because we are also paying splits and quarterly fees as well.

Not my brokerage, these things are the most ridiculous things to charge a consumer for.

I pay for my clients' administrative fees. It's just another way for a brokerage to collect extra money.

My brokerage does an admin fee plus a brokerage fee. It's bullshit honestly.

I was with a brokerage…and they started charging an admin fee of $425 and they wanted us to charge our clients that fee. I absorbed the cost and ended up leaving a few months later.