



CONSUMER **POLICY**
C E N T E R

COMMISSION-BASED HOME REFERRAL SERVICES: CONSUMER IMPACTS AND PROPOSED REFORMS

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In the past year, the residential real estate industry has focused an unusual amount of attention on residential real estate referral fees, especially their disclosure. In June, the Northwest MLS announced additions to its forms to provide buyers and sellers more information about referral fees their brokers pay or receive.¹ In November, the Delegate Body of the National Association of Realtors (NAR) rejected a proposal, approved earlier by NAR's Board, to amend the Code of Ethics to require greater consumer disclosure of these fees.² In response, two major brokers – Benchmark Realty and eXp Realty -- announced the adoption of forms requiring its agents to provide clients with more information about any referral fees.³ Also, the California Association of Realtors (CAR) revealed that it had been revising model forms to include greater disclosure of these fees, including those paid to major portals.⁴

Referral fees have always been controversial both within and outside the industry. Some agents have refused to collect the fees on ethical grounds.⁵ A 2020 report by the Consumer Federation of America concluded that these fees “do not ensure the best customer service” and “support high, uniform commission rates.”⁶ Recently, the criticism has mounted. This past year an industry insider wrote that “referral fees have become a golden goose that stifles innovation, inflates the value chain, and ultimately harms both consumers, and agents.”⁷ And an industry consultant and former regulator, writing about these fees, wrote that “some Realtors still want to deal from the bottom of the deck.”⁸

¹ Press Release: NWMLS to Further Enhance Transparency for Consumers by Facilitating the Disclosure of Referral Fees (published by Northwest MLS on June 25, 2025). It quoted Justin Haag, President and CEO of Northwest MLS: “Buyers and sellers should have complete transparency regarding all fees paid to a real estate brokerage firm, including referral fees paid to another firm.”

² Taylor Anderson, “Realtors reject proposal to require disclosure of more referral fees,” Inman News (November 17, 2025). Victor Lund, “NAR Delegates Reject Referral Fee Transparency Despite Board Support,” WAV Group (November 25, 2025).

³ AJ LaTrace, “Brokerages retool referral disclosures after failed NAR vote,” Real Estate News (November 26, 2025).

⁴ Stephanie Reid-Simons, “California association embraces referral-fee transparency,” Real Estate News (November 24, 2025). Taylor Anderson, “California Association of Realtors leans into referral fee transparency,” Inman News (November 24, 2025).

⁵ The 2024 Reddit comment by one agent is not atypical: “I have always thought referral fees were one of the scummiest things going in real estate. In what world does your Aunt Betty four states over deserve a quarter of your agent’s pay when she never even met your agent and only picked their name out of a list to extort a cut in exchange for your name. The practice stinks to high heaven.”

⁶ Stephen Brobeck, Real Estate Referral Fees – Do They Harm Consumers? Consumer Federation of America (September 2020). The report did not criticize referral fees that were deserved and not excessive – reflecting actual work and value contributed by the referring party – nor does this one.

⁷ Dean DiCarlo, “Opinion: Referral fees: The golden goose or rotten egg of real estate? How hidden fees inflate costs and harm both clients and agents,” HousingWire (September 23, 2024).

⁸ Summer Goralik, “Opinion: Industry shocked as Realtors say no to referral-fee transparency,” Inman News (November 20, 2025).

The risks of the industry’s failing to address criticism of referral fees were made evident when, in a 2025 lawsuit against Zillow, powerful class action law firms stated that “this cut of the commission paid to Zillow, for no services rendered related to the real estate sale, is never disclosed to the buyer or seller.”⁹ A couple of commentators noted the implications of the claim. In his Notorious ROB column, Rob Hahn wrote: “The concept here is that if an agent failed to disclose to his client that he has to pay a referral fee, then he is in breach of his fiduciary duty...Brokerages will suddenly find themselves dragged into yet another big lawsuit that they had nothing to do with. Or at least face the prospect of being dragged into a lawsuit.”¹⁰ The industry consultant suggested that this threat was more general: “Referral-fee disclosure could easily become the next job market for the legal professionals circling the real estate industry.” She added: “I believe consumers are paying more attention now ... and I suspect state regulators will play catch-up.”¹¹ In a recent survey of 1,016 representative Americans, 84 percent said they thought referral fees should be disclosed upfront to the buyer while only six percent said they should not be.¹²

This report discusses the consumer impacts of referral companies with hidden fees and effective ways to disclose these fees to consumers. Before doing so, it summarizes what is known about companies and the fees, including the forms they take and their pervasiveness in the industry. It concludes that referral fee services can be especially harmful to buyers and sellers if the fees are high. Over the past decade these fees have been increasing and are now usually between 30 and 40 percent of an agent’s commission. High fees reinforce high commission rates, jeopardize the quality of consumer service, and are associated with deceptive practices. The report also offers practical advice to home buyers and sellers about how to minimize the harmful effects of the fees. It includes the following sections:

- The Referral Fee Marketplace
- Companies Charging Referral Fees to Agents
- Impacts on Consumers
- Needed Consumer Disclosures
- Advice for Buyers and Sellers

⁹ Class Action Complaint, Taylor v. Zillow, filed in U.S. District Court, Western District of Washington at Seattle (September, 19, 2025).

¹⁰ Rob Hahn, “Seven Predictions for 2026: The 80s New Wave Edition,” Notorious ROB (December 28, 2025).

¹¹ Summer Goralik, “Referral Fees Are Having a Moment: Try Not to Sabotage It,” guest article on Notorious ROB (November 30, 2025).

¹² The survey was conducted online by Big Village (formerly Opinion Research Corp.) on January 23-25, 2026. The question asked was: “When a homebuyer uses a referral company to find a real estate agent, the referral company often charges the buyer’s agent 40% of their commission. Should this fee be disclosed upfront to the homebuyer? (yes, no, unsure)”

- Summary and Conclusions

The Referral Fee Marketplace

Sources estimate that up to 80 percent of all home sales involve referrals.¹³ Many of these referrals are from friends, family members, work associates, and other related individuals. A recent NAR survey revealed that 40 percent of buyers and 38 percent of sellers found an agent through a referral from a friend, relative, or neighbor.¹⁴ Typically, no-one is compensated for these referrals. When someone is, they are paid a “finder’s fee.”

Fee-related referrals, however, are an increasingly important part of the residential real estate industry. An underlying reason for this importance is the difficulty most agents and brokers have in finding new clients.¹⁵ In brief, there are far too many agents given the number of sales. Around two million agents compete to sell about four million properties each year. That’s an average of about four sides (two per sale) for each agent, and there’s evidence that about half of all agents working for major brokers sell no or only one property each year.¹⁶ This surplus of agents puts great pressure on most to find clients, allowing successful referral sources to charge as much as 50 percent of an agent’s commission. Relocation companies often charge the highest fees.¹⁷

Agent/Broker Referrals to Each Other: Agents and brokers have always routinely paid each other for successful referrals. One survey estimated that 42 percent of agents earned between \$10,000 and \$50,000 from referral fees annually.¹⁸ Another survey found that

¹³ Erin McFarla, “Why Real Estate Now Depends on Referral Fees” (Property Radar, January 30, 2024).

¹⁴ National Association of Realtors, 2024 Profile of Home Buyers and Sellers, pp. 67, 118. The same tables revealed that 17% of buyers and 28% of sellers were assisted by an agent they had previously used.

¹⁵ Three recent reports by Stephen Brobeck for the Consumer Federation of America address the issue of agent surplus: A Surfeit of Real Estate Agents: Industry and Consumer Impacts (July 2023). A Surfeit of Real Estate Agents 2: Is Entry Too Easy? (October 2023). A Surfeit of Real Estate Agents 3: Abundant Jobs, Inadequate Mentorship, and Few Sales (January 2024).

¹⁶ Brobeck, Surfeit (January 2024), Ibid.

¹⁷ Relocation companies can help a seller sell their home or a buyer purchase one, or both. They select a real estate agent then charge up to 50 percent of their commissions. Typically, employers select these companies then cover all or part of any commission charged by the agents. Consequently, they are not a major focus of this report. However, some agents are charged referral fees by the relocation companies and then are prohibited from discussing these fees with clients. As one industry leader wrote in an opinion piece: “When referrals come through a brokerage relocation department, it has been typical practice that referral fees could not be discussed with the consumer.” Cara Ameer, “Opinion: The transparency crisis no wants to talk about,” Inman News (December 11, 2025). These fees incent agents to charge high commissions.

¹⁸ Referral Exchange. Why Agent-to-Agent Referrals Are Key in 2019: Third Annual Study of the Power of Referrals in Real Estate, p. 6. The sample population was 1200 agents. However, since the relationship of this sample to the whole population was not clear, so is the meaning of the statistics.

seven percent of buyers found an agent through a referral by another agent.¹⁹ These referrals to either buyers or sellers are often made for one of the following reasons:²⁰

- A buyer agent refers a relocating seller to a listing agent in another area.
- To avoid working with both seller and buyer (dual agency), a listing agent refers a buyer to a buyer agent, often a “designated agent” within the same firm.
- Because commissions on low-priced properties are so much lower than those on high-priced properties, busy agents may refer buyers or sellers of the former to another agent.
- Some agents, especially those who are retired and have extensive contacts, make only referrals in part because relatively little work is usually required for a relatively large fee.

Referral Companies: A significant minority of all sales involve referral companies in which most active agents apparently participate. One source estimated that 87 percent of all active agents were part of a referral network.²¹ NAR’s 2024 Member Survey found that 34 percent of its agent sample did at least some business through third party lead generators.²²

There are two common referral models, which we will call “subscription” and “referral fee.” In the **subscription model**, agents pay a monthly subscription fee for access to buyer and/or seller leads. The most prominent subscription fee company is Homes.com, also a portal with numerous property listings. Its core product -- Your Listing, Your Lead (YLYL) – is marketed mainly to listing agents, but it also seeks buyers whom it can refer to agents who subscribe to YLYL.²³ Recently, Homes.com announced budget cutbacks, and its parent company CoStar was encouraged by prominent investors to sell or close the portal.²⁴

Referral companies prioritizing the **referral fee model** provide agents with buyer and/or seller leads. When agents convert these leads into sales, they pay the companies 20-50 percent of their commissions. For example, on the sale of a \$300,000 home with a 3

¹⁹ NAR, 2024 Profile of Home Buyers and Sellers, loc. cit., p. 67.

²⁰ Dev, “Referral Fees in Real Estate: How They Work (2025 Guide),” Realty Hub (May 12, 2025).

²¹ Referral Exchange, loc. cit., p. 8. This large figure reflects the fact that participation is almost always free, but most of these agents face intense competition from other participants for clients and/or chose not to compete seriously for these clients.

²² National Association of Realtors, 2024 Member Profile, p. 32. Those with 3-5 years experience were most likely to use third party lead generators (p. 33).

²³ Interview with Andy Stearns, Vice President of Sales, Homes.Com, HousingWire (September 8, 2025).

²⁴ Brooklee Han, “More activist investors push CoStar to exit Homes.com business,” HousingWire (February 4, 2026).

percent buyer commission and a 33 percent referral fee, the buyer agent would pay the referral company \$3,000 of a \$9,000 commission.

Companies Charging Sales-Related Referral Fees to Agents

The main focus of this report is companies, who market to consumers, that usually charge commission-based referral fees to buyer and listing agents. When consumers request a listing or buyer agent, almost all companies recommend 2-5 agents. But when buyers express an interest in a specific portal listing, the company usually refers them to only one buyer agent.

This marketplace is dominated by the portals — Zillow, Realtor.com (which now includes UpNest), and Redfin, who most often refer buyers to buyer agents. Other prominent referral companies include Ramsey Trusted Agent (Dave Ramsey), HomeLight, Sold.com, Home and Money, Agent Pronto, RealEstateAgent.com, and Veterans United Realty.²⁵ Still other companies – including Referral Exchange, Pay Per Closing (House Jet), and Referrix – do not maintain consumer-facing websites but do provide consumer leads to agents that consumers pay for as part of commissions. These companies depend largely on “scraping” potential buyers off of MLSs, the portals, and other groups of listings though some also engage in social marketing.²⁶

Low-Fee Brokers: There is a subset of referral companies that market mainly to sellers and charge them rates below the 2.5-3 percent rates typically charged by listing agents.²⁷ Some of these low-fee brokers charge sellers only one or one-and-a-half percent of the agent’s commission. While they may charge partner agents 30 or 40 percent of this commission, the dollar figure they collect is much lower. On the sale of a \$400,000 home, low-free brokers charging sellers one-and-a-half percent and receiving 40 percent from partner agents collect \$2,400 rather than the \$4,800 received by agents who charge sellers three percent.

²⁵ The three portals and most other fee-based referral companies will refer buyers to buyer agents and sellers to listing agents. However, HomeLight and Sold.com market mainly to sellers while RealEstateAgent.com and Veterans United Realty market mainly to buyers.

²⁶ Julia Del Rosario, Aloun Khountham, “Top 8 Sources for Pay at Closing Real Estate Leads in 2025,” *The Close* (April 21, 2025). Clever has published articles that describe and evaluate several of these companies. We did Google searches on each of them. We also used information published in Brobeck, *Referral Fees*, loc. cit.

²⁷ For a discussion of low-fee brokers, see: Stephen Brobeck, Wendy Gilch, *Reducing Real Estate Commissions: Are Low-Fee Brokers a Viable Alternative for Home Sellers?* (Consumer Policy Center, June 2025).

These low-fee brokers hold a very small portion of the market -- Redfin, the dominant discounter, has less than one percent of home sales nationally. But many partner with traditional agents who accept much less than their usual 2.5-3 percent commissions, which suggests that the large majority of a three percent rate represents marketing expense and profit.²⁸ When a low-fee referral company provides a listing agent with a willing seller, the agent can still make a profit.²⁹ One of these companies, Clever, says it has 15,000 partner agents.

Growth of Commission-Based Referrals: While several of the larger companies, including Zillow and Realtor.com, offer subscription services with monthly fees, all now emphasize per-sale referral fees. The dominance of the referral fee model emerged over the past several years. For Realtor.com, interest in this model was related to its parent company (NewsCorp) purchasing a referral fee-based company (Opcity) in 2018. Realtor.com now offers the Opcity services under the brand, ReadyConnect Concierge.³⁰ Zillow developed a similar service (Flex), which it piloted in 2019 and expanded greatly after that. Since then Zillow has evolved this service to prioritize participation only by invited agents (Zillow Preferred).³¹

The attraction of this model is that it allows companies to make promising referrals only to highly productive agents – i.e., those who sell referred properties quickly – while collecting substantial fees on each sale. From an agent’s perspective, many agents are more willing to pay a percentage of their earned commissions rather than monthly marketing fees that guarantee no sales. This is a key reason that so many agents are partner agents of these referral firms – according to the companies themselves, 30,000 for HomeLight, over 60,000 for Sold.com, over 20,000 for UpNest, over 2,500 for Ramsey Trusted Agent, over 40,000 for Home and Money, over 5,000 for Veterans United, and around 3,000 for Redfin.

Most Active Referral Fee Companies: Among firms charging referral fees to agents, Zillow is the dominant company. Zillow advertises that annually it facilitates more than 1.4 million buyer connections through its Premier Agent network and 400,000 transactions through its platform.³² The latter number represents about 10 percent of all home sales.

²⁸ Redfin Reports Fourth Quarter and Full Year 2024 Financial Results (Redfin, February 27, 2025).

²⁹ See Mark Nadel, Homebuyers and Sellers May Save \$10,000 Plus Without Sacrificing Quality (Consumer Policy Center, January 2026).

³⁰ Ben Mizes, “Opcity Leads: Is the Referral Fee Worth It?” Clever (September 4, 2025). Edmund Keith, “Realtor.com Sees 9% Revenue Growth as It Looks to Pivot Business Model,” OnlineMarket (November 7, 2025).

³¹ “Welcome to Zillow Preferred” (Zillow website, downloaded on November 28, 2025). Zillow Premier Agent Flex Program contract (Zillow, no date). Sara Bushra, “Zillow Flex vs. Premier: Which Is Best for Real Estate Agents,” Convin (May 21, 2025). Zillow Flex history outlined by Google Search.

³² Zillow, Why Zillow works for agents (<https://www.zillow.com/agents/premier-agent/>)

Redfin reported that in 2024 it helped 61,000 customers buy or sell a home. It has also indicated that its partner program (Redfin Next) is now generating close to 40 percent of Redfin revenues so it seems safe to estimate that roughly this number of its customers work with partner agents.³³

For other referral companies, the number of sales appears to be lower. Financial data on these companies is sparse because they are privately owned and apparently prefer not to make these data available to competitors. We even found significantly different estimates of annual revenue for some companies. Also, some companies have received funds from investors that are counted as revenue. Our research on the financials of Realtor.com, HomeLight, Sold.com, Veterans United Realty, Agent Pronto, and Ramsey Trusted Agent did suggest to us that these six companies are responsible for 30,000-60,000 referral sales annually.³⁴ If so, in the neighborhood of 500,000 homes are sold each year through referrals by the most active referral-fee companies who market to buyers. (An additional number of properties are sold by the companies who market only to agents.) One industry expert said that his research showed that over 30 percent of buy-side sales came from leads through third-party referral companies.³⁵

Referral Fee Company Priorities: The chief goal of the successful companies is, as efficiently as possible, to match agents to buyers who make a sale as quickly as possible for the highest commission.³⁶ Accordingly, the companies need to make two determinations. First, how can we find buyers who will most likely purchase a property quickly, especially higher-priced ones? The companies find potential buyers from MLS listings, third parties that have curated MLS listings, and their own marketing that sometimes includes social media.³⁷ But they do not recommend these buyers to agents unless the buyers have been vetted for interest in and ability to make a purchase, for

³³ Redfin Reports Fourth Quarter and Full Year 2024 Financial Results (Redfin February 27, 2025). Also, see note 36.

³⁴ This rough estimate was based on dividing annual revenues (minus investor income) by \$4,000 (representing a 1% commission on the sale of a \$400,000 home) for each of the six companies then aggregating the total.

³⁵ Craig McClellan, chief strategy officer at HomeStory. Brooklee Han, "From Zillow to sphere: Why you must know the source of your real estate referrals," HousingWire (September 17, 2025). NAR's 2025 Member Survey found that 30% of respondents received at least some business through paid third-party lead sources.

³⁶ In an earning call transcript, for example, Redfin said: "The share we're focused on is our share of significantly profitable sales." They noted that employee agents "yield 40%-plus more sales from the same home-buying traffic" than do partner agents. (<https://www.fool.com/earnings/call-transcripts/2023/08/04/redfin-rdfn-g2-2023-earnings-call-transcript/>)

³⁷ One company, Pay Per Closing, responded to our query about the source of their leads by writing, "running Google and Facebook" ads. And they sent us an example of their Facebook ad: "Real Estate for Sale. Thinking about buying? Looking for a good deal on a home? You are in luck. Get an exclusive list sent directly to your inbox. No strings attached. Properties are flying off the shelf and I want to make sure that you are the first to see the hottest listings."

example, whether the buyer is pre-approved for a mortgage and is actively trying to make a purchase. Second, how can we identify the agents who are most likely to convert the referrals to actual sales? The referral companies start with an agent's past record, especially the number of recent sales. But they are particularly interested in how agents are treating company referrals: Do agents follow them up? How actively? Do agents report progress? Do they make a sale?³⁸ Are the buyers satisfied?

From all reports, these companies, especially Zillow, are active in managing their relationship with agent clients. One agent who quit the Zillow Flex program said: "They are running them like mules in a cornfield...You are basically working for Zillow without a W-2 or benefits."³⁹ Another agent concurred: "Your team is working it's tail off...You have so many benchmarks to hit with them to stay on Flex."⁴⁰ While these online comments are especially critical, there is broad agreement that Zillow won't make promising referrals unless agents follow them up promptly and successfully. Several agents observed that actively managed referral programs like Flex work best for a team of agents who can delegate scutwork to the junior members of the team.⁴¹ Individual agents often can't keep up and don't want to keep up.

Referral Fee Levels and Increases: Referral fees charged to clients for sales vary somewhat from company to company and from sale to sale but clearly are rising, with most now 30-40 percent of the agent commission (before the agent's broker takes their share).⁴² Zillow, for example, charges 40% on all sales roughly above median area home prices. Those prices range, grouped in five market categories (with each city assigned one of these categories), from \$300,000 to \$900,000 (e.g., several areas in California). On the other hand, it charges only 25% on sales of lower-priced homes whose ceilings range from \$150,000 to \$450,000.⁴³ Redfin's fees are somewhat similar but are tied only to the price of the house, not to a particular market. The fee, for instance, is 33% for all sale prices between \$100,000 and \$500,000 but 40% for all sale prices at or above \$900,000.⁴⁴

³⁸ Aggressive salesmanship is sometimes part of the marketing. One former Ramsey Trusted Agent noted: "High-pressure sales was the key there. They made me take a course about the psychology of selling...most of the course was how to get your clients to say yes." Comment of Majessa on Reddit (2024).

³⁹ Comment from chewonmysac on Reddit in 2025.

⁴⁰ Comment from MayorStankonia on Reddit in 2025.

⁴¹ See Comments from persistent_architect, from Epicabraxas, and from Wednesdays_Child_ on Reddit in 2023.

⁴² Some companies also charge additional fees. Ramsey Trusted Agent, for example, charges agents an upfront fee of several thousand dollars and also a monthly fee that averages around \$500 in addition to a percentage of the commission. Jessica Johansen, Dave Ramsey Realtor Reviews (Clever, September 20, 2025).

⁴³ Pricing Chart (Zillow, no date).

⁴⁴ Partner Agent Referral Fee Schedule (Redfin, updated August 4, 2025).

Since the 1990s, fees from referral companies have tended to increase from 20-30 percent to 30-40 percent.⁴⁵ These percentages could continue to rise. One industry leader recently predicted: “Zillow’s already charging 40% referral fees. It’ll hit 50%.”⁴⁶

Impacts on Consumers

There are two positive things that can be said about these referral programs. First, they are likely to recommend agents who have successfully sold homes. Commission-based referral companies only generate revenue if homes are sold and, in general, produce the most revenue if they are sold quickly. Second, the programs provide revenue that allows these companies, especially the three portals, to make available a broad array of property listings, and information about individual agents, to consumers. At present, a large majority of these listings are available only on the four main portals – Zillow, Realtor.com, Redfin (also a traditional broker), and Homes.com (which uses the subscription model).

However, individual consumers who work with commission-based referral companies, especially buyers, also face risks and costs.⁴⁷ The most important is a non-negotiable 3 percent commission rate related to the 30-40 percent referral fee. That high fee, in turn, jeopardizes quality of service and also is associated with deceptive marketing practices.

Agents More Likely to Charge High Commissions and Refuse to Negotiate Them:

Agents who pay 40 percent of their commission to a referral agency are less likely to offer or negotiate low commissions, even 2.5 percent instead of 3 percent. One industry insider observed: “If an agent knows they must pay 30% of their commission to a referrer, they might be less flexible on fees or less invested in a lower-priced transaction.”⁴⁸ Another industry insider noted: “The agent has less room to negotiate fees, having already given away a significant portion of their earnings.”⁴⁹ Even on a 3 percent commission, after the agency has taken 40 percent and the agent’s broker has taken a percentage, buyer agents are often left with only one percent. As one agent complained: “So my broker has a Zillow flex partnership. We get calls and pay Zillow 35%. After that I have to pay my brokers’ broker 20% and then split the remaining 70/30 with my broker. So I really get to keep 37% of the total Commission....I can’t help but feel that I am being gutted.”⁵⁰ Many consumers agree that referral fees tend to push up rates. In a recent survey of 1,016 representative

⁴⁵ McFarla, loc. cit. “These fees are rising...everywhere.”

⁴⁶ Comment by James Dwiggin on his Instagram and LinkedIn pages made in 2025.

⁴⁷ Wendy Gilch, “The Hidden Referral Fees You’re Paying in Real Estate, Without Even Knowing It,” *Selling Later* (May 28, 2025).

⁴⁸ Lund, NAR Delegates Reject, loc. cit.

⁴⁹ Dicarlo, loc. cit.

⁵⁰ Comment from r/realtors on Reddit in 2025.

Americans, 55 percent said that a 40 percent “referral fee tends to increase the commission the buyer pays” while only 15 percent thought not (30 percent were unsure).⁵¹

Because the data were not available, we could not carefully compare commissions on sales with and without referral fees. But we note that some referral companies, including Ramsey and UpNest, inform buyer clients that they could expect to pay a commission of 3 percent, not the typical range of 2.5-3 percent. We would also note comments from different agents. One licensed Florida agent queried: “Can an agent charge their commission rates to their clients based on it’s a referral or not? With a referral they charge 8% but without a referral, they only charge 5%.”⁵² And according to one discount broker, a Ramsey Endorsed Local Provider team works only with agents that charge the full six percent.⁵³ It is not clear how often decisions like this one are made but, when referral companies charge 30-40 percent of buyer agent commissions, buyer agents have a strong incentive to charge three percent or possibly even more.⁵⁴

As referral fees have risen, so apparently have buyer agent commissions. A recent CPC study reported evidence that more agents were trying to charge three percent today than three years earlier. In this period in 20 cities studied, the percentage of quoted three percent rates increased from 40 percent to 64 percent.⁵⁵ The rise in the number of sales with commission-based fees and in the level of these fees may help explain the increase in three percent rates.

An important reason that agents can charge higher commissions is that they are not disclosed to buyers. If buyers were aware that 30-40 percent of their commission would be captured by the referral company, many might conclude that this charge seemed excessive and would likely inflate the commission they pay.⁵⁶ As suggested above, there is some evidence to support these perceptions.

Agents Likely to Have Limited Experience: Our 2020 study on referral fees reported that a significant minority of agents to which buyers were referred either lived outside the area

⁵¹ Survey conducted online by Big Village (formerly Opinion Research Corp.) on January 23-25, 2026.

⁵² Comment from r/RealEstate on Reddit in 2025.

⁵³ Jonathan Harris, Scout Realty, comment on post by Wendy Gilch on LinkedIn (2024).

⁵⁴ Accordingly, the claim from companies like HomeLight that their referrals are “free and unbiased” is at best advanced puffery and at worst untrue.

⁵⁵ Stephen Brobeck, Wendy Gilch, *The Homebuying Experience: Commissions and Contracts* (Consumer Policy Center, November 2025), pp. 5-6. Redfin has access to sales data that could provide more accurate estimates of the percentage of 3% rates. We encourage them to release data on not only the medians of rates but also their distribution.

⁵⁶ As one agent said: “What buyers would ever use Zillow if they knew they had to pay them thousands of dollars?” Comment of r/realtors on Reddit in 2024.

(18%) or had sold no or only one home the previous year (18%). Both of these agent groups were likely to have limited experience helping buyers purchase homes in desired locations.

By 2025, these percentages had shrunk. In our Mystery Shopper applications to ten referral agencies, we were provided the names of 40 buyer agents. All 40 were local, and only four had fewer than five sales the previous year.

Nearly all other buyer agents had sold at least 15 properties the previous year, and some had sold many more. A large majority of these agents were also brokers who led teams of agents. Half of these brokers reported more than two hundred lifetime sales, with five claiming more than one thousand. Some of these brokers may have taken credit for the sales of all their team members.

As noted earlier, teams were much more likely than individual agents to receive referrals from referral companies. They had the resources to sell many properties relatively quickly. They also had the ability to assign routine work to their least experienced, and lowest paid, team members. In most teams, one of these team members is the primary contact for most clients; the team leader may never have contact with their customers. As one Reddit post put it: “The most high-profile agents in many areas don’t even work with buyers. They market the crap out of themselves, they put their names on high value listings, and they send all the buyers and scraps out to their just out of college minions.”⁵⁷ Another Reddit post noted: “Give credit for all transactions to the team leader so their recent transaction numbers are really high....After contact, hand off client to rookie team member...”⁵⁸

Thus, it is no surprise that consumers and agents often give mediocre ratings to referral companies. While TrustPilot ratings are often based on small samples, they are more independent of agent bias than are the ratings of companies such as Zillow and Google.⁵⁹ TrustPilot ratings (ranging from 1 to 5) are 2.5 for Ramsey Trust, 3.0 for HomeLight, 3.2 for Referral Exchange, 4.8 for Agent Pronto, 3.3 for Referrix, 2.9 for Upnest, and 4.0 for Sold.com. Ratings for the four portals were all below 2.5 but these ratings did not appear to primarily represent an evaluation of their referral services. Specific complaints were more likely, for instance, to concern inaccurate website listings.

Exposure to Privacy Threats and Unwanted Marketing: Referral companies do not ask buyer clients for their Social Security Numbers but do require that a buyer provides a valid email address and phone number as well as information about their housing preferences –

⁵⁷ Comment from Epicabraxas on Reddit in 2023.

⁵⁸ Comment from realtor (name deleted) on Reddit in 2023.

⁵⁹ Stephen Brobeck, Choosing a Real Estate Agent: An Evaluation of Information Sources about Quality of Service (Consumer Federation of America, July 2020).

need for financing, timing of purchase, type of housing sought, and credit card score range. This information can and sometimes is used by the company and its partner agents to market various products.⁶⁰ Providing this information increases the chances that a consumer will suffer the consequences of data breaches and be subject to unwanted marketing. The complaints about HomeLight listed by the Better Business Bureau contain several examples. One buyer wrote: “Ever since we worked with HomeLight we have had at least 5-6 calls each day from a telemarketer trying to sell us loans. We have been answering and opting out (we are already on the do not call list) but they keep coming in.”⁶¹ And another wrote: “On multiple occasions, I have received unsolicited phone calls and text from your company [HomeLight] despite my number being listed on the National Do Not Call Registry....I am highly frustrated that my personal information appears to have been shared to several people without my consent.”⁶²

While any broker can share client information with third parties, local brokers and agents seem much less likely than referral agencies to do so. The former are usually fiduciaries who are rooted in communities and depend on positive word-of-mouth to sustain their businesses. Even the suspicion that an agent was responsible for unwanted marketing, either external or internal, could severely damage the reputation of the agent and their broker.

Deceptive Referrals by Portals

When as buyers we asked referral companies to recommend buyer agents, for seven of ten companies (including Zillow, Realtor.com, and Redfin) we were provided the names of three to five agents. Referral Exchange, Home & Money, and Veterans United gave us the name of only one agent. But in November 2025 when we contacted the three portals about a specific property, we were referred to only one buyer agent. That agent had a special relation to the company as a Zillow Premier agent, as a Realtor.com Concierge agent, or as a Redfin employee or partner agent. Receiving the name of one buyer agent, in relation to either a search for an agent or for a specific property, limits meaningful consumer choice. Being presented with several agent options, which then can be researched and compared, helps ensure a more optimal choice.

For Zillow and Realtor.com, the buyers seeking to contact an agent about a specific property were connected with a buyer agent by clicking a “contact agent” button or

⁶⁰ All or almost all this information was required when we contacted companies to request a referral.

⁶¹ Complaint about customer service issues against HomeLight (Better Business Bureau, August 31, 2025).

⁶² Complaint about service or repair issues against HomeLight (Better Business Bureau, August 30, 2025).

“request a tour” button. A recent class action lawsuit faulted Zillow for this practice for failing to disclose that the referral was to a buyer agent not the listing agent. It noted that most buyers who clicked on this button thought they were contacting the listing agent.⁶³ That would be the case even if the listing agent is included on the listing. Realtor.com also does not make it clear whether the buyer is contacting the listing agent or a buyer agent. Redfin’s message is more ambiguous. Instead of a “contact agent” button, their button says, “make a winning offer with the help of a local agent.” Most buyers would probably assume that this agent was a buyer agent.

Perhaps spurred by the litigation, Zillow has revised its messages. We examined messages in 23 cities – from Miami to San Diego, and from Boston to Seattle. For a limited number of listings, the contact button was linked to a page showcasing the listing agent. This Showcase service is a relatively new one that Zillow offers to listing agents.⁶⁴ For the large majority of listings, though, the “Contact Agent” button was linked to a page that said: “Connect with a local buyer’s agent who advertises on Zillow.” (The Chicago button said “Message” and connected the buyer to a page that said “contact a local buyer agent” but did not mention the fact that the agent advertises on Zillow.) In all the cities, the tour offer button linked to a page that said: “Go on a personalized tour of this home by connecting with a buyer’s agent who advertises on Zillow.”

It is important that any contact buttons specify whether buyers will be referred to a buyer agent or listing agent. It is also important that home listings provide clear and equal opportunities for a buyer to contact either.

Being Urged to Purchase Ancillary Products That Benefit Agents: Among its many provisions, the Real Estate Settlement Procedures Act (RESPA) prohibits real estate agents from receiving “things of value” for urging buyers to purchase ancillary products such as home mortgages or title insurance.⁶⁵ These products often do not offer the best value to consumers, especially when the agent is rewarded for pushing a specific brand or penalized for not doing so.

For many brokers, the relationship with a mortgage broker or title company is informal and often mutual: The real estate agent refers their clients to a mortgage broker but then in turn receives referrals from the brokers.⁶⁶ However, for most major referral companies the

⁶³ Class Action Complaint, loc. cit.

⁶⁴ Use Showcase to help win more listings in your marketplace (Zillow, 2026). Mike DelPrete, “Zillow’s Listing Showcase Opportunity” (August 17, 2023).

⁶⁵ An informative discussion of RESPA and the residential real estate industry can be found in: “Navigating Real Estate Referral Fees,” Mashian Law newsletter (<https://mashianlaw.com>).

⁶⁶ What Real Estate Brokers and Agents Want from Lenders (survey by 1000watt for Inman News, April 2015).

relationship is more than this because the referral company sells mortgages or has a partnership with a company that sells them.

- Zillow sells mortgages.
- Realtor.com partners with Veterans United VA Loans.
- Veterans United Realty and Veterans United VA Loans are part of the same company.
- Redfin is now part of Rocket Mortgage.
- Ramsey Trusted Agents partners with Churchill Mortgage.
- HomeLight Home Loans is a subsidiary of HomeLight.
- Home & Money offers both home referral services and mortgage loans.

When these relationships are formal, there are more opportunities and temptations for real estate agents to recommend the ancillary products of a partner. It is practically impossible to prove in court what an agent tells a client and difficult to monitor rewards that could include meals or tickets to a sports event, but some companies have been accused of establishing policies that violated RESPA. Real estate agents and loan officers have recently filed lawsuits against Zillow which allege that the company illegally pressured them to steer clients to Zillow Home Loans.⁶⁷ In 2024, the Consumer Financial Protection Bureau (CFPB) sued Rocket Homes for “giving things of value to real estate brokerages—including referrals, the ability to continue receiving referrals, and priority for future referrals – under an express or implied agreement or understanding that the real estate brokers and agents would refer real estate settlement business involving federally-related mortgage loans to Rocket Mortgage and Amrock [the title, closing and escrow services subsidiary].”⁶⁸ The lawsuit alleged that Rocket Homes steered clients away from competing lenders and refused to share valuable information with clients including the availability of down-payment assistance. It also alleged that agents received \$250 gift cards to real estate agents who made the most referrals to Rocket Mortgage and Amrock. While the Trump-led CFPB dropped the litigation, in early 2026 a major class action law firm essentially reactivated the CFPB’s lawsuit.⁶⁹ Then in February 2026, class action law firms filed a

⁶⁷ Derek Carlson, “Zillow lawsuit raises big questions for the real estate industry,” Inman News (December 9, 2025). Claudia Larsen, “Zillow disputes Study Claiming It Overcharges Consumers as Author Defends Conclusions,” RISMedia (January 7, 2026). Some of the criticisms of Zillow are discussed anonymously by an agent on Bryan Casella’s podcast (Zillow Exposed – Lies, Deception and Fraud Revealed by Zillow Flex Insider).

⁶⁸ Consumer Financial Protection Bureau, Rocket Homes Real Estate LLC, dba Rocket Homes, JMG Holding Partners LLC, dba The Jason Mitchell Group; 45 real estate brokerage affiliates; and Jason Mitchell (December 23, 2024). Richard Horn, “CFPB Sues Nationwide Real Estate Brokerage for Alleged RESPA Section 8 Violations,” Garris Horn (December 23, 2024).

⁶⁹ Lawsuit Accuses Rocket Mortgage of Steering Borrowers to High-Cost Loans (nationalmortgageprofessional.com, January 27, 2026).

lawsuit against Veterans United Home Loans and Veterans Realty that accused the two companies of steering buyers to more costly loans.⁷⁰

Needed Consumer Disclosures

As noted earlier, some industry leaders and critics have called for greater disclosure of referral fees. Issues discussed include the content, timing, and enforcement of the disclosures as well as whether they apply to referral companies as well, especially the three portals that charge referral fees. Among companies, eXp has again taken the lead to provide useful information to both sellers and buyers.⁷¹ They have created a “Referral Fee Disclosure” form that consumers are required to sign. It defines the fee as “either a ___% of the compensation earned and received by eXp, or it shall be a flat fee of \$___, and in each case paid from the compensation earned and received by eXp for services provided in your transaction.” For their agents using a state (government or industry) listing agent or buyer agent form, they have inserted a paragraph that requires checking of a box indicating whether a referral fee is being paid and its amount.⁷²

However, eXp and other companies promising disclosure, such as Benchmark, cannot effectively enforce use of these disclosures by their agents. Some agents believe that if they make these disclosures but other agents do not, they will be placed at a competitive disadvantage.⁷³ For many decades, many in the industry have felt that giving attention to commissions can lead to unwanted questions from consumers. Accordingly, it has been argued that states must require disclosure of referral fees. For some time California has required these disclosures. Yet, a former California regulator has noted that these required disclosures have largely been ignored by agents and brokers.⁷⁴ The regulator also observed that disclosures often fail to address when brokerages are receiving referral fees, not just paying them – an oversight particularly significant under California business and Professions Code 10177.4. One reason is that consumers are not required to sign them, and that issue is currently under discussion.

⁷⁰ Release from Hagens Berman, *Lawsuit Accuses Veterans United Home Loans of Deceiving Military Homebuyers and Violating Real Estate Laws* (February 18, 2026).

⁷¹ Release: CFA Releases Criteria for Evaluating Home Buyer Contract Forms (Consumer Federation of America, July 16, 2024).

⁷² Release: eXp Realty Announces New Disclosures for Referral Fees & Consumer Choice (eXp, November 25, 2025). eXp provided copies of these forms to the CPC.

⁷³ Lund, *NAR Delegates Reject*, op. cit.

⁷⁴ Summer Goralik, “Referral fees: The Twilight Zone of compensation disclosure?” *Inman News* (February 11, 2025).

An important reason that referral fees have not been disclosed is that regulatory authorities have not consistently enforced existing requirements. This lack of enforcement has, in effect, sustained a culture of non-disclosure, compounded by the fact that buyer brokers have not disclosed their own compensation for licensed activity to buyers even when that compensation was funded by sellers through their listing brokers. For disclosure requirements to be meaningful, state governments must enforce their licensing laws.

Questions have been raised as to whether these required disclosures would also apply to referral agencies, especially Zillow, Realtor.com, and Redfin.⁷⁵ They should be, and if state legislatures or regulators do not act, the issue may be resolved by litigation. An important issue raised by class action litigators, and discussed earlier, is the inherent deceptiveness of referrals to a buyer agent that many buyers think are going to the listing agent. The sensible solution here is for there to be equally prominent contact buttons for both the listing agent and the buyer agent. We see no problem for buttons to be designed and used that say, “contact listing agent” and “contact a buyer agent.” These buttons would link to a page that clearly disclosed whether the agent contacted was paying a fee to the referral company and what that fee was.⁷⁶ As noted earlier, except for its Showcase listing agents, Zillow’s contact agent and tour buttons link to a page which states that the referral will be made to a buyer agent who advertises on Zillow. While an improvement, it would be clearer if this disclosure was on the first page of the listing and included the dollar or percentage fee.

In sum, before signing any agreements, buyers and sellers should receive clear disclosures both from referral companies then later from agents about referral fees, most importantly, that they are being paid by a buyer agent to a referral company. The specific amount of the fee should also be disclosed.

Advice for Buyers and Sellers

Buyers: Buyers should think twice before contacting a referral service. Those using a service are likely to be charged a relatively high commission, be serviced by inexperienced agents, and be subjected to unwanted marketing of various services. The only buyers who should consider doing so are those who want to quickly make a purchase and place a low priority on obtaining a low sales price. Most buyers would most likely find the best agent by asking for suggestions from personal contacts who have recently purchased homes,

⁷⁵ Anderson, “Realtors reject...”, loc. cit.

⁷⁶ If the referral fee percentage varies depending on the sale price of the property, the percentage disclosed could be for a median-priced home in the area or the range of percentages for all sale prices.

researching these agents using information made available by Zillow and Realtor.com, and then interviewing several, making sure to inquire whether their commission will include a referral fee and if so, its amount.⁷⁷

Sellers: In one respect, referral fees are less problematic for sellers. They are less frequently part of listing agent commissions, in part because the portals do not market this service. But in another respect, the fees are more problematic because most sellers continue to pay all or most of the buyer agent's commission. So, in negotiating this commission, sellers should ask buyer agents if their commission includes a referral fee and its amount. That would allow sellers to negotiate this fee more effectively.

Summary and Conclusions

Referral fees have always been an important part of the residential real estate industry. Until the past decade, referrals between agents and brokers received the most attention. However more recently, referrals from service companies, especially the big portals, have captured headlines: Government agencies and class action law firms have sued referral companies. Critics, many within the industry, have increasingly faulted referral practices and their lack of transparency. Consequently, some industry groups and states are making efforts to require improved disclosures.

Zillow, Realtor.com and to an extent, Redfin have been a focus of attention not only because they are large and influential, but also because they have based a good part of their business on collecting 30-40 percent of buyer agent commissions when homes are sold. On the sales side, according to one estimate, a large majority of all active agents are participating in at least one referral network and, according to another, 30 percent of all home sales involve a buyer agent who learned about the buyer from a referral company.

Paid referrals can be helpful to some home buyers but not to most.

- When buyer agents pay 30-40 percent of their commissions to referral companies, the agents have a strong incentive to charge three percent or even more. It also provides them with a public excuse as to why they charge this much despite evidence that their costs are usually way below this level.⁷⁸

⁷⁷ Mortgage expert Jeff Lazerson wrote: "My advice: If you are referred to a Realtor, be it person-to-person or from an online referral system, ask the realtor if he or she is paying a referral fee for the introduction and recommendation. If so, how much?" Buyer beware: Hefty broker referral expenses may limit home, mortgage choices," MortgageGrader.com (December 15, 2022).

⁷⁸ Mark Nadel, Homebuyers and Seller May Save \$10,000 Plus Without Sacrificing Quality (Consumer Policy Center, January 2026).

- Because of the demands made by successful referral companies on agents, real estate teams are best able to manage referrals. But typically, team leaders assign leads to their least experienced agents.
- Referral companies are more likely than individual agents and brokers to use or sell client information that is employed to market related products. This marketing is often unwanted by clients, and the products themselves are usually not the best available.
- Many referral companies, including the three portals, either own or have partnerships with a mortgage broker or other related service provider, which can create opportunities and incentives for buyer agents to push related ancillary products.
- Zillow and Realtor.com, and to a lesser extent Redfin, have not made it easy for buyers interested in a particular property to contact the listing agent. Their “contact agent” button has deceptively referred buyers to a buyer agent. Spurred by litigation, Zillow now makes it clear that the link is to a buyer agent “who advertises on Zillow,” but does not reveal the commission fee.

The report urges consumers to think twice before utilizing referral companies, especially those that are commission-based. It advises buyers and sellers, instead, to undertake their own consumer search by asking recent home purchasers for suggestions, by researching agent experience and customer evaluations, and by interviewing agents before hiring them. In interviews, an important question for buyers to pose is, will you be paying anyone a referral fee and if so, how much?

The report also joins many others in calling for states to require clear and timely disclosures of referral fees and adequate enforcement of these disclosures. Spurred by litigation, Zillow improved their buyer disclosures, though stopped short of disclosing the amount of the fees. Realtor.com and other referral companies should do the same and also disclose the amount. Buyer agents receiving these referrals should disclose that they are paying the referral companies and the amount of the fees. Some companies, notably eXp and Benchmark, are encouraging their brokers to do so.

In large measure, the extent of paid referrals reflects the fact that there is a surplus of agents – far too many to provide most with adequate incomes given the number of homes sold. This glut forces most fulltime agents to spend most of their time searching for clients, not servicing them. It also pressures them to join referral networks. Not only are agents competing for what recently has been declining aggregate revenue; they are also sharing a

larger portion of this income with referral companies. While the industry's revenue pie is shrinking, referral companies are taking larger pieces.⁷⁹

⁷⁹ Over the past five years, annual existing home sales have declined from around six million to four million. Over the past 20 years, these sales have averaged around five million. "Housing Data: Existing Home Sales," Mortgage News Daily (chart displayed February 11, 2026).