

Exercise Set 2
Pg. 67 of
Outline
Math Calculating
Commissions

1

1. Sam D. Agent sold a house for \$225,000. His share of the commission was 45% of the total 6% commission. What did Sam earn in commission?

$$225,000 \times .06 = 13,500$$
$$13,500 \times .45 = \$6,075$$

2

2. A Sales Associate both listed and sold a home for \$235,000. The gross commission is 7%. The commission split between the broker and sales associate is 45% to Broker and 30% to the associate for listing and 25% for selling. What is the amount of the commission that the Sales Associate will receive for listing and for selling? What is the total commission?

$$235,000 \times .07 = 16,450 \text{ (total commission)}$$
$$16,450 \times (.30 + .25) = \text{sales associate's commission}$$
$$16,450 \times .55 = \$9,047.50 \text{ (for sales associate)}$$

3

4

3. A sales associate lists a home for \$165,000. When the associate sells the home, they are entitled to 25% of the gross commission for listing and 45% of the gross commission for selling. If the gross commission is 6.5%, how much will the associate earn by selling their own listing?

165,000 X .065 = \$10,725
10,725 X (.25 + .45) = Listing & Selling Commission
10,725 X 70% = \$7,507.50 (for sales associate)

5

4. A house sold for \$145,000. A commission was calculated at the rate of 7%. If the listing broker received 45% of this amount and the selling broker received the balance, what was the selling broker's share of the total commission?

145,000 X .07 = 10,150
10,150 X .45 = 4,567.50 (to listing broker)
10,150 - 4,567.50 = \$5,582.50 (for selling broker)

6

5. Sally Sales Associate is working for the selling broker. She finds a buyer who pays \$189,000 for a duplex. The listing broker receives 45% of the 6% commission. If Sally gets 40% of the commission due to the selling broker, how much does she earn in commission?

189,000 X .06 = 11,340
11,340 X .45 = 5,103 (to listing broker)
11,340 - 5,103 = 6,237 (to selling broker)
6,237 X .40 = \$2,494.80 for sales associate

7

6. Sam Agent received \$4,715.75 as his 50% share of the commission on a sale of \$145,100. The full commission was computed at what commission rate?

$$4,715.75 \div .50 = 9,431.50$$

$$9,431.50 \div 145,100 = .065$$

$$(.065 = \underline{6.5\%})$$

8

7. Sally Sales Associate receives 50% of all commissions on land sales at Lake View, a second-home development. She sells 300 acres at \$1,850 per acre. A commission of 15% is paid on the first \$195,000 of sales, 10% on the next \$95,000, and 7% on amount over \$290,000. What was Sally's commission?

$$300 \times 1,850 = 555,000 \text{ (in total sale)}$$

$$.15 \times 195,000 = \underline{29,250}$$

$$.10 \times 95,000 = \underline{9,500}$$

$$(555,000 - [195,000 + 95,000]) = 265,000$$

$$.07 \times 265,000 = \underline{18,550}$$

$$29,250 + 9,500 + 18,550 = \underline{57,300}$$

$$57,300 \times .50 = \underline{\$28,650 \text{ for Sally's commission}}$$

9

8. A house sold for \$135,000. This was 9% less than it was listed for. The commission rate was 7%. What would have been the commission if the property had sold at the listed price?

$$\text{Listed Price} = 100\%$$

$$100\% - 9\% = 91\%$$

$$135,000 \text{ is } 91\% \text{ of the list price}$$

$$135,000 \div .91 = 148,351.65$$

$$148,351.65 \times .07 = \underline{\$10,384.62}$$

10

9. A salesperson sells a property for \$258,500. The contract he has with his broker is 40 percent of the full commission earned. The commission due the broker is 6 percent. What is the salesperson's share of the commission?

258,500 X .06 = 15,510

15,510 X .40 = \$6,204 (salesperson's share)

11

10. If the broker received a 6.5 percent commission that was \$5,200, what was the sales price of the house?

5,200 = 6.5% X [sales price]

5,200 ÷ .065 = \$80,000

12

11. Calculate the amount of commission earned by a broker on a property selling for \$161,000 when 6 percent is paid on the first \$75,000 and 3 percent is paid on the remaining balance.

75,000 X .06 = 4,500

161,000 - 75,000 = 86,000

86,000 X .03 = 2,580

2,580 + 4,500 = 7,080

13

12. Betty sales associate has set her income goal at \$46,000 for the first 12 months in the business. The average gross commission in her office is \$6,200. Betty's independent contractor agreement states that she will receive 65% of all commissions she brings in. To meet her goal, how many transactions will Betty need to close?

6,200 X .65 = 4,030
4,030 ÷ 46,000 = 11.42 transactions

14

13. In the office Bill works in, the average sales price is \$145,000. The MLS agreement is that 3% of the sales price goes to the selling office and the commission split with the agents is 50/50. Sales associate Bill wants to earn \$45,000 a year. How many sales must the sales associate close in EACH MONTH to reach this goal?

145,000 X .03 = 4,350
4,350 X .50 = 2,175 (average split per transaction)
45,000 ÷ 2,175 = 20.69
20.69 ÷ 12 = 1.72 closed transactions each month

15

14. A home sold for 95% of its listed price. The list price is \$98,900. If the commission was 6%, and the listing broker's share was 60% of total commission, what was the listing sales associate's commission if the associate received 55% of the REMAINING COMMISSION?

98,900 X .95 = 93,955
93,955 X .06 = 5,637.30
5,637.30 X .60 = 3,382.38 (listing broker)
5,637.30 X .40 = 2,254.92 (remaining commission)
2,254.92 X .55 = 1,240.21 (listing sales associate's commission)
