

REAL ESTATE OFFERS MORE THAN ONE CAREER PATH

Not everyone who earns a real estate license wants to immediately begin showing homes, hosting open houses, writing contracts and managing transactions.

Some people want to use their relationships and real estate knowledge to connect buyers and sellers with experienced agents who can serve them. That path is commonly known as becoming a real estate referral agent.

For the right person, referral-based real estate can offer a way to remain connected to the industry, help people find qualified professionals and potentially earn referral income without building a traditional transaction-based real estate practice.

However, a referral agent must still understand the responsibilities, limitations and Virginia regulations that apply.

WHAT IS A REAL ESTATE REFERRAL AGENT?

A real estate referral agent is typically a licensed real estate salesperson or broker who identifies someone who may need real estate services and introduces that person to another licensed professional who can assist them.

For example, a referral agent may know:

- A homeowner preparing to sell
- A first-time homebuyer who needs guidance
- A family relocating to another city or state
- An investor searching for property
- A renter preparing to become a homeowner
- Someone who needs an agent in a market the referral agent does not serve

The referral agent connects that individual with an appropriate real estate professional. If the referral results in a completed transaction, the referring brokerage may receive an agreed-upon referral fee. The brokerage then compensates the referral agent according to the agent's independent-contractor agreement and brokerage policies.

Referral fees are not guaranteed. Payment generally depends on the written referral agreement and successful completion of the transaction.

THERE IS NO SEPARATE 'REFERRAL AGENT' LICENSE IN VIRGINIA

Virginia does not issue a special license specifically called a referral agent license. A person who wants compensation for real estate referral activity generally begins by becoming licensed as a Virginia real estate salesperson or broker and affiliating with a licensed brokerage.

Some brokerages offer referral-only programs for licensees who do not want to actively represent buyers or sellers. These programs may have different fees, membership requirements and limitations. Before joining one, carefully review:

- The brokerage's referral policies
- Monthly, annual and transaction-related fees
- How referral fees are divided
- Whether association or MLS membership is required
- Education and license-renewal responsibilities
- What activities referral-only agents are permitted to perform
- How referrals and payments must be documented

WHAT ARE THE POTENTIAL BENEFITS OF BECOMING A REFERRAL AGENT?

A referral-focused business may allow you to:

USE RELATIONSHIPS YOU HAVE ALREADY DEVELOPED

Your personal and professional network may include people who need help buying, selling, leasing, investing or relocating.

HELP PEOPLE FIND QUALIFIED REAL ESTATE PROFESSIONALS

You can introduce someone to an agent whose experience, location or specialty aligns with that person's needs.

BUILD A BUSINESS WITHOUT IMMEDIATELY MANAGING TRANSACTIONS

A referral-focused approach may appeal to someone who does not currently want responsibility for property searches, showings, offers, inspections and closings.

GENERATE OPPORTUNITIES FROM DIFFERENT MARKETS

If someone you know moves outside your area, you may be able to refer that person to a qualified agent in the destination market.

REMAIN CONNECTED TO THE PROFESSION

Some licensees use a referral model during a career transition, relocation, family change or another period when they do not want to operate a full-service real estate business.

DEVELOP EXPERIENCE AND INDUSTRY RELATIONSHIPS

Researching agents and brokerages can help a referral agent become familiar with different markets, specialties and service models.

Referral income is never automatic or guaranteed. Success still requires trust, communication, consistent follow-up and a network of capable professionals.

WHAT COULD A REFERRAL AGENT EARN? A HYPOTHETICAL EXAMPLE

A referral agent introduces a buyer to an agent who helps the buyer purchase a $500,000 home. For illustration only, assume:

- Home sale price: $500,000
- Gross commission paid to the representing agent's brokerage: 3%
- Referral fee paid to the referring brokerage: 25% of that gross commission
- Referral agent's brokerage split: 75/25, with 75% paid to the referral agent

STEP 1: CALCULATE THE GROSS COMMISSION

$500,000 x 3% = $15,000

STEP 2: CALCULATE THE 25% REFERRAL FEE

$15,000 x 25% = $3,750 paid to the referring brokerage under the referral agreement.

STEP 3: APPLY THE REFERRAL AGENT'S 75/25 BROKERAGE SPLIT

$3,750 x 75% = $2,812.50 paid to the referral agent. The referring brokerage retains $937.50.

The referral agent's $2,812.50 would be before applicable taxes, transaction fees, administrative fees or other brokerage expenses.

IMPORTANT: THESE RATES ARE NOT STANDARD, FIXED OR GUARANTEED

There is no standard commission rate in the real estate industry. Real estate commissions are fully negotiable and may be structured as a percentage, flat fee or another agreed-upon amount.

Referral-fee percentages are also negotiable. A referral agreement might provide for 25%, but the parties could agree to a different percentage or amount. Brokerage splits are established by the agreement between the licensee and brokerage and can vary significantly.

The 3% commission, 25% referral fee and 75/25 brokerage split used above are hypothetical figures provided only to demonstrate how a calculation could work. Actual compensation depends on the agreements among the consumers, brokerages and licensees involved.

WHO MAY BE A GOOD FIT FOR A REFERRAL-BASED BUSINESS?

- Professionals with strong personal and business networks
- Military spouses or others who relocate frequently
- College students, graduates and professionals desiring another income source without having to sell
- Retirees who want to remain professionally connected
- Parents or caregivers who need a more flexible approach
- Investors and professionals in housing-related industries
- People considering a gradual transition into real estate
- Licensees who no longer want to manage transactions
- People who enjoy connecting others and creating relationships

It may not be the right model for someone who wants full control over client representation, marketing, negotiations and transactions.

WHAT CAN A REFERRAL AGENT DO?

Subject to Virginia law and the policies of the supervising brokerage, a referral-focused licensee may generally:

- Identify people who may need real estate assistance
- Learn enough about their general needs to make an appropriate introduction
- Research licensed agents and brokerages
- Connect prospective clients with qualified real estate professionals
- Submit referrals through the supervising brokerage
- Use brokerage-approved referral agreements and procedures
- Follow up to confirm that the introduction was completed
- Receive compensation through the supervising brokerage when permitted and earned

The brokerage should guide the licensee regarding documentation, disclosures, advertising and communication with the referred consumer.

WHAT DOES A REFERRAL-ONLY AGENT GENERALLY NOT DO?

A licensee participating in a referral-only brokerage program generally does not:

- Represent buyers, sellers, landlords or tenants
- Show properties or host open houses
- Prepare or negotiate offers and contracts
- Provide transaction-specific advice
- Explain legal documents, financing terms or contract provisions
- Manage inspections, appraisals or closing activities

- Advertise properties independently
- Negotiate referral fees without broker authorization
- Accept referral compensation directly from another agent, brokerage or consumer

An active Virginia real estate license may legally permit a broader range of activities, but a referral-only brokerage can limit what its affiliated licensees are authorized to do. Always follow the supervising broker's policies and obtain guidance before performing any activity beyond making the approved referral.

IMPORTANT VIRGINIA RULES FOR REFERRAL AGENTS

1. YOU MUST HOLD THE APPROPRIATE LICENSE

Virginia requires an individual acting as a real estate salesperson to hold a salesperson license. Referral-focused agents do not receive a separate category of license.

2. YOUR LICENSE MUST BE ACTIVE TO PRACTICE REAL ESTATE

An active Virginia salesperson operates under a principal or supervising broker. A person with an inactive or expired license cannot practice real estate.

3. COMPENSATION MUST BE HANDLED THROUGH THE BROKERAGE

A salesperson or associate broker generally cannot accept compensation for licensed activity from someone other than the principal or supervising broker without prior written consent. Referral payments should be arranged, documented and distributed through the appropriate brokerages.

4. NEGOTIATING A REFERRAL FEE IS A LICENSED ACTIVITY

Virginia regulations identify negotiating or agreeing to a referral fee as an activity that may only be performed by a licensed individual or entity. Follow brokerage procedures.

5. UNLICENSED INDIVIDUALS CANNOT BE PAID FOR LICENSED SERVICES

An unlicensed person may make a simple introduction but cannot perform licensed activities or receive compensation for services requiring a license.

6. ADVERTISING MUST FOLLOW BROKERAGE AND STATE REQUIREMENTS

Advertising by an affiliated Virginia licensee must be supervised by the principal or supervising broker and include required brokerage identification and contact information.

7. NEW SALESPERSONS MUST COMPLETE POST-LICENSE EDUCATION

Active new Virginia salespersons must complete required Board-approved post-license education within the applicable period. Referral-focused licensees must also renew their licenses and satisfy education requirements.

8. BROKERAGE POLICIES MAY BE MORE RESTRICTIVE

State law establishes the legal framework, but the brokerage determines how its referral program operates. Ask what you may do, what expenses apply and how compensation is calculated.

A REFERRAL LICENSE IS STILL A PROFESSIONAL RESPONSIBILITY

Becoming referral-focused does not mean placing your license on a shelf and waiting for checks to arrive. You must still:

- Protect confidential information
- Communicate professionally
- Avoid misrepresenting your role
- Make thoughtful referrals
- Follow brokerage procedures and maintain accurate records
- Complete required education and renew your license on time
- Comply with fair housing and other applicable laws

Your reputation will be affected by the quality of the professionals to whom you refer people.

A REAL ESTATE LICENSE CAN CREATE MORE THAN ONE CAREER PATH

Whether you eventually represent clients directly as a traditional agent or begin as a referral-focused licensee, you must first build the required educational foundation.

YOUR FIRST REQUIRED STEP STARTS WITH EDUCATION

HCG Real Estate School offers the state-approved Virginia real estate pre-licensing course, helping aspiring agents begin that journey with live instruction, practical examples and a structured learning experience that students enjoy.

READY TO EXPLORE YOUR NEXT STEP?

Review HCG Real Estate School's Virginia pre-licensing course details, upcoming schedules and enrollment information.

VIEW COURSE DETAILS

www.HoustonConsultingGroup.com/HCG-Real-Estate-School

Educational notice: Brokerage referral programs vary. This resource is provided for general educational purposes and is not legal, tax or financial advice. Prospective and current licensees should confirm current requirements with the Virginia Real Estate Board and their principal or supervising broker.