

WHAT THE NAR SETTLEMENT MEANS FOR HOMEBUYERS AND SELLERS

On March 15, The National Association of REALTORS® (NAR) reached an agreement with plaintiffs that would, if approved by the court, end litigation of claims brought on behalf of home sellers related to broker commissions. The Settlement also includes some changes to real estate transactions, but importantly, consumers will continue to have choices regarding real estate services. These practice changes will go into effect on August 17, 2024:

Real estate agents who use and list properties for sale on a Multiple Listing Service (MLS)—a local marketplace used by real estate professionals (both buyer brokers and listing brokers) to share information about inventory in a particular area—will be required to enter into written agreements with buyers before touring a home. Those written agreements must include:

- A specific and conspicuous disclosure of the amount or rate of compensation the real estate agent will receive or how this amount will be determined.
- Compensation that is objective (e.g., \$0, X flat fee, X percent, X hourly rate) — and not open-ended (e.g., cannot be "buyer broker compensation shall be whatever the amount the seller is offering to the buyer").
- A term that prohibits the agent from receiving compensation for brokerage services from any source that exceeds the amount or rate agreed to in the agreement with the buyer; and
- A conspicuous statement that broker fees and commissions are fully negotiable and not set by law.

NAR has long encouraged its members to use written agreements with buyers because they help consumers understand exactly what services they have agreed to, the roles and responsibilities, and the amount. For this reason, several states already have laws requiring buyer agreements.

There are also changes to how and where real estate professionals may communicate with each other about offers of compensation. These offers are no longer allowed on Multiple Listing Service (MLS) platforms. Sellers can still offer compensation off an MLS, and buyer concessions on an MLS (for example concessions for buyer closing costs).

Things to know as a home buyer or seller:

- If you are a buyer and your agent is using an MLS, you will need to sign a written agreement with your agent before touring a home so you understand exactly what services will be provided, and for how much.
- Written agreements are required for both in-person and live virtual home tours.
- You do not need a written agreement if you are just speaking to an agent at an open house or asking them about their services.
- Agent compensation for home buyers and sellers continues to be fully negotiable.
- When finding an agent to work with, ask questions about their services, compensation, and these written agreements.
- More details about these changes and what they mean can be found at [competition.realtor](https://www.competition.realtor).