

NAR LAWSUIT SETTLEMENT



In 2023, there was a Federal Class Action Lawsuit in Missouri where a jury ruled that NAR and major real estate brokers colluded to artificially raise seller paid commissions. Under the terms of the proposed settlement, NAR would pay \$418 million over 4 years. In addition, there would be a new rule for Multiple List Services (MLS) services prohibiting offers of broker compensation be displayed on the MLS. This would mean that while the broker compensation is not posted as part of a listing, it would continue to be an option consumers can pursue off the MLS through negotiation and consultation with real estate professionals.

NAR also agreed to create a new rule requiring MLS participants working with buyers to enter into written agreements with their buyers before the buyer tours a home.

THE FACTS:

- Commissions to buy and sell homes have *always* been negotiable. Many agents offer different commission structures based on the value and services they provide.
- There is **NO** law or agreement nationally, statewide, or locally, that states you must charge a commission, or a certain amount of commission, to a consumer for providing real estate services.
- Consumers do **NOT** need to use a real estate agent to buy or sell a home. However, the majority of consumers choose to work with real estate agents so they have a knowledgeable professional working in their best interest to guide them through one of the largest investments of their lifetime.
- The co-operative relationship between a listing agent and a buyer's agent in a transaction is most often in the best interest of both parties so that everyone has their own representation (especially when high performing agents are involved).
- The National Association of Realtors (NAR) is a **VOLUNTARY** membership association that does not represent the standards or criteria required to become a real estate licensee.

POTENTIAL EFFECTS ON THE REAL ESTATE MARKET:

- Buyers may not want to view homes because they cannot afford to pay for their own representation by a buyer's agent, so they may be less likely to want to look at homes offering no buyer agent compensation.
- The average home buyer nationally puts *less than 20%* down, also limiting the liquidity of buyers and their ability to pay an extra percentage or flat fee to secure their own representation.
- The process for real estate agents will become convoluted, as communication will need to happen "offline" or off the MLS about compensation.
- Home prices are **NOT** likely to fall as a result of this proposed settlement.
 - Appraisers *do not* take commissions or seller credits into account when they are performing an appraisal on a property to determine its value as part of a real estate sale.
 - 5-6% commission is not "*baked in*" to the list price Home prices are **not** inflated to accommodate commissions, especially since their value is determined by a third party.

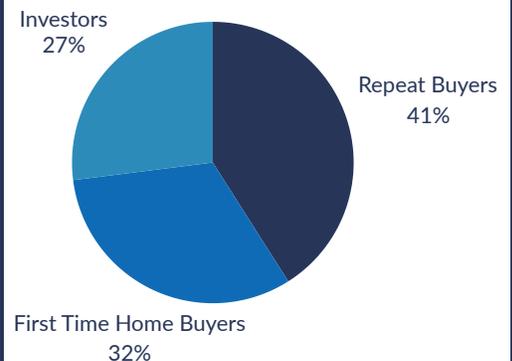
This is why we go over net sheets with our sellers beforehand so they can see what they are making!

- A seller not offering buyer agent compensation may be *limiting* their pool of buyers who insist on representation.

WHY SHOULD A BUYER HAVE REPRESENTATION?

Buyers purchasing a home unrepresented are leaving themselves open to being negotiated against in the process. The listing agent *legally* has only the seller's best interest and intentions at heart.

NATIONAL BUYER POOL



Did you know that **first time home buyers typically put 8% or less down on a home?** The likelihood of them having **additional** funds at their disposal to pay an agent is **low**.

QUESTIONS? WANT TO LEARN MORE?

