

UNDERSTANDING REAL ESTATE PRACTICE CHANGES AND THE IMPACT ON THE CONSUMER

Buying a home is one of the largest financial transactions of a person's life. Below are facts about NAR's settlement and how the changes, which took effect **Aug. 17** will impact home buyers and sellers:

Compensation remains fully negotiable by buyers and sellers and their agents.

When finding an agent to work with, buyers and sellers should ask questions about compensation and understand what services they are receiving.

CHANGE
The listing broker or the seller may offer compensation to the buyer's agent, but there are limitations to how that offer can be marketed—i.e., brokers can no longer communicate offers of compensation on a Multiple Listing Service (MLS)*.

CHANGE
If there is an offer of compensation to a buyer broker from a listing broker or the seller, the seller must approve the specific amount or rate of payment in writing.

CHANGE
Buyers must sign a written agreement with their chosen broker before touring a home—whether in person or live virtually. The agreement will reflect the terms they have negotiated with their agent, including what services will be provided, for how much and how the agent will be compensated.

If sellers have not offered compensation, buyers can request in their offer that sellers compensate the buyer broker. If the seller is not paying buyer broker compensation, the buyer will be responsible for paying their agent if agreed to in the written agreement.

Buyers do not need a written agreement when just speaking to a listing agent at an open house or asking them about their services.

Current regulation does not allow agent commission payments to be financed as a part of a mortgage.

Sellers can still offer—and buyers can still accept—concessions such as offers to pay the buyer's closing costs.

The changes further empower consumer choice through transparency.

Agents who are REALTORS® are ethically obligated to work in the client's best interest.

Home buyers and sellers have a wide range of choices. As a trusted source of advice, agents who are REALTORS® help home buyers and sellers as they navigate their home journey and make the choices that work best for them.

CONSUMER GUIDE TO CHANGES

WRITTEN BUYER AGREEMENT

Not required when speaking to an agent or with a listing agent when attending their open house

Detail the amount of and mechanism for compensation

Compensation cannot be open-ended and must be specific (e.g., \$0, X flat fee, X percent, X hourly rate)

Explain what services will be provided

Agent cannot receive compensation more than what is agreed to in a written agreement

Signed by buyers before touring home—in person or live virtually (unless required earlier under state law)

The settlement does not require any specific type of professional representation (e.g., agency, non-agency, subagency, transactional, customer)

Fully negotiable and not set by law

BUYER AGENT COMPENSATION

Listing broker or seller may offer compensation, but this cannot be communicated over an MLS

Buyer remains free to request seller or seller's agent compensate the buyer's agent

The buyer must approve the specific amount or rate of payment in writing

If seller or seller's agent does not compensate the buyer's agent, the buyer is responsible for their agent's compensation based on the terms of the written agreement

More details about these changes and what they mean can be found at facts.realtor.

*Multiple Listing Services (MLSs) are local marketplaces used by both buyer brokers and listing brokers to share information about properties for sale.