

NAR Settlement Simplified

The NAR settlement has not yet been approved, which means that today, the way business has been done in your market is the way it continues to be done. While the settlement is clear in what it says, please know that there are still many questions about how these changes will work in practice.

Let's be clear: NAR is still working through how these changes will be implemented and what best practices will emerge. We currently expect this to happen sometime after mid-July. Many opportunists will jump to quick conclusions and provide their opinions disguised as knowledge. Be aware that this can be both legally dangerous and professionally irresponsible.

Here is what's happened:

1. You now must use a buyer representation agreement before showing a home that includes these three things:

1. You must disclose **the amount or rate of compensation** you'll get.
2. Your compensation amount must be written into the agreement as a percentage or dollar amount and **cannot be open-ended**. For example, the agreement cannot say, "buyer broker compensation shall be whatever amount the seller is offering to the buyer."
3. You cannot receive compensation for brokerage services from any source **for more than the amount or rate agreed to** in your buyer representation agreement.

2. Cooperative compensation can no longer be advertised on the MLS. Sellers can still decide to specifically offer cooperative compensation and it can be marketed any place other than the MLS, such as in a newsletter, text message, or a broker's or agent's own website. You cannot market other brokerage's cooperative compensation for their listings on your or your broker's website.

3. Sellers can still offer a concession to buyers in the MLS and that concession can be used to pay the buyer's agent should the buyer choose. The concession offer from the seller to the buyer can be noted in the public comment section of your MLS listing.

4. Agents must disclose in listing agreements, buyer representation agreements, and preclosing disclosures that broker commissions are not set by law and are fully negotiable.