

NAR SETTLEMENT FACT SHEET

(Last Updated April 5, 2024)

On March 15, 2024, the National Association of REALTORS® (NAR) announced it entered into a nationwide settlement covering the commissions lawsuits brought by sellers in many states across the country. This settlement includes the state and local associations and REALTOR®-owned MLSs, such as the Houston Association of REALTORS® (HAR). Below is information about how HAR members/subscribers, home buyers and sellers will be impacted by the settlement. Note that the settlement must still be approved by the court, which may take some time.

THE SETTLEMENT

- NAR agreed to pay \$418 million in damages to settle the lawsuits brought by home sellers and to repeal the commission-sharing policy.

HAR'S CONNECTION TO NAR

- HAR is part of a network that includes (NAR), the Texas Association of REALTORS® and approximately 1,800 local associations/boards throughout Texas and the United States.
- According to NAR rules under which HAR must operate, being a REALTOR® means joining the national, state and local associations.
- REALTOR® means member of NAR. Therefore, all REALTORS® belong to NAR and agree to abide by our Code of Ethics.
- In order to maintain REALTOR® membership, members must pay local, state, and national association dues and assessments. There is no ability to bifurcate membership between local, state, or national associations.

HAR MULTIPLE LISTING SERVICE

- The HAR Multiple Listing Service (MLS) gives agents the ability to access current information on properties across Texas that are

currently on the market, archived information on hundreds of thousands of properties sold during the last seven years and current public records information for the Greater Houston area.

- Agents do not need to be a REALTOR® to have access to the MLS. This is unlike most MLSs in the country.
- In Houston, MLS subscribers also pay the same amount regardless of whether they are REALTORS® or not.

SETTLEMENT IMPLICATIONS FOR AGENTS/BROKERS

- NAR has agreed to put in place a new rule prohibiting offers of compensation on the MLS. Brokers and agents will have to negotiate compensation directly with their client.
- There is NOT an NAR-set standard commission of 6% as some media outlets have reported.
- Compensation is currently negotiable and will continue to be negotiable. Compensation should always be negotiated between agents and the consumers they serve.
- Additionally, NAR will require agents to enter into written buyer agreements with their buyers before touring a home.

NAR SETTLEMENT FACT SHEET

SETTLEMENT IMPLICATIONS FOR HOME BUYERS AND SELLERS

- This settlement would preserve the choices consumers have regarding real estate services and compensation.
- After the new rule goes into effect, listing brokers and sellers could continue to offer compensation for buyer broker services, but such offers could not be communicated via the MLS. The settlement expressly provides that sellers may communicate seller concessions — such as buyer closing costs — via the MLS provided that such concessions are not conditioned on the use of or payment to a buyer broker.
- MLS participants working on behalf of buyers would be required to enter into written agreements with their buyers before touring a home. These agreements can help consumers understand exactly what services and value will be provided, and for how much.

IMPLEMENTATION OF POLICY CHANGES

- The HAR MLS is a wholly REALTOR®-owned MLS and is therefore covered under the proposed settlement agreement. As a REALTOR®-owned MLS, HAR is required to comply

with the rules that NAR establishes, which would include any changes in the proposed settlement.

- Once any settlement has been approved and we have more clarity about any rule changes, HAR will keep our members/subscribers informed about how to comply moving forward. We have already been communicating with our members/subscribers as we learn more every day.

WHAT'S NEXT

- If the settlement is approved, the practice changes will go into effect in mid-July 2024.
- The settlement is subject to court approval, which is a process that we can expect to take several months or more and will include an opportunity for interested parties to object. In large class action settlements like this one, objections are common.

You can get the facts about the settlement and the impacts on HAR's The Reality of Real Estate page: www.HAR.com/reality.

If you have any questions or would like an interview with an HAR housing expert, contact HAR Public Manager Brittany Aucion at brittany.aucion@har.com or (713) 629-1900 ext.1256.



ABOUT THE HOUSTON ASSOCIATION OF REALTORS®

Founded in 1918, the Houston Association of REALTORS® (HAR) is a more than 50,000-member organization of real estate professionals engaged in every aspect of the industry, including residential and commercial sales and leasing, appraisal, property management and counseling. It is the largest individual dues-paying membership trade association in Houston as well as the second largest local association/board of REALTORS® in the United States.