

## April 2024 - Office Meeting

### Office Event schedule and links at [www.executiveagent.net](http://www.executiveagent.net)

#### RE/MAX Executive Awards Event- Tue. April 23<sup>rd</sup> 3:00-6:00

- Please RSVP to [frontdesk@executiveagent.net](mailto:frontdesk@executiveagent.net)
- Silver Swan Bayside, Stevensville MD
- Join us for Awards Presentation and Cocktails
- Beautiful waterfront venue with multiple photo-ops

#### Industry Changes Workgroups

- Buyers as Buyer Clients – Today 1PM, Severna Park Office
- Sellers/Listing – Thursday April 18<sup>th</sup> 1PM, Kent Island Office
- Other Agents- Thursday April 25<sup>th</sup> 11AM, Millersville Office
- Unrep. Buyers- Thursday May 2<sup>nd</sup> 1PM, Kent Island Office

#### Shred Events – 9-12 contact Amy for additional Marketing.

April 27 – Millersville, shareable Facebook event link: <https://fb.me/e/3fBP8PI5Q>

May 4 – Chester, shareable Facebook event link: <https://fb.me/e/aooElaKHn>

May 18 – Severna Park, shareable Facebook event link: <https://fb.me/e/75wdn0xbU>

#### Mastermind Workshops, Now Thursdays

- 9:30-11:00 in both the Millersville and Kent Island Office
- Topics sent by the group, Mastermind on Lead Generation, Conversion, Tech.
- Join live at either location and work on our business and not in it for an hour a week!

#### May Office Meetings

- Severna Park Office, Tuesday May 14<sup>th</sup> 11AM
- Kent Island Office, Thursday May 16<sup>th</sup> 11AM

#### Longest Day Fundraising, Real Estate Rumble June 5<sup>th</sup>

- 10 of our agents are competing against teams from 9 other local brokerages.
- Teams will raise money and compete in a day of games on June 5<sup>th</sup>.
- Each team can have 10 guests as a cheer squad. Speak with Jennie Leigh.
- [Click here to visit our team page.](#) Please share via social and help support us and a great cause.

April Anniversaries: Nikia Pickett 3 Years, Cathie Watson-Bye 8 Years

April Birthdays: Christine Johnson 4/1, Rick Mudd 4/12, Allen Stanton 4/22

# **Program**

## **Settlement Recap and Q&A**

- Please see updated Q&A, Financing Q&A in handout.

## **Financing Announcements**

- IPC (Interested Party Contributions)
- As of yesterday, both FHA, Fannie Mae & Freddie Mac have both issued statements clarifying that with the upcoming changes they will not consider a Seller paying a Buyers Agent fee directly a IPC.
- No update on VA yet but with these two announcements I am hopeful they will make changes.

## **Goals of Workgroups and Stated Purpose**

- 1<sup>st</sup> to fully understand the changes and effects on each part of our business.
- 2<sup>nd</sup> to collect and compile a wide range of ideas, scripts, and best practices to address the changes.
- 3<sup>rd</sup> to curate a best practices and resource guide for each topic.
- 4<sup>th</sup> Suggest and guide the drafting of new documents, disclosures & marketing materials.
- If you plan on participating, please plan to do so as a working member of the group.

## **Open House APP in KV Core Demo**

- Can be downloaded from Dashboard page of KV Core, use a tablet, Apple or Android
- Great to register visitors to an open house. Automatically runs a smart follow up campaign.

## **Check out Fact or Fiction commissions Study from Bright**

- Bright recently released a study on commissions that's interesting.
- First deep dive into commission data I have ever seen publicly released.
- In handout and accessible on Bright: Full Report, PDF Slides, & 1 Page

## **Executive Referrals**

- [executivereferralsmd.com](http://executivereferralsmd.com)
- It's time to start building a referral team. If you would like custom marketing material contact Amy at [marketing@executiveagent.net](mailto:marketing@executiveagent.net)
- If you have a producing agent whose business, you wish to acquire speak to Nathan and I will help you develop a plan and an offer for the agent. Transition plans can range from 1-5 years and when done well both parties win.

## **Market Update**



**RE/MAX**  
**Executive**

## *Awards Celebration*

Please join us for happy hour as we recognize one another's achievements over the past year.

Tuesday, April 23, 2024

3:00 PM - 6:00 PM

Silver Swan Bayside  
412 Congressional Drive  
Stevensville, MD 21666

rsvp: [frontdesk@executiveagent.net](mailto:frontdesk@executiveagent.net)

# FREE COMMUNITY SHREDDING DAY



## Three Convenient Dates and Locations!

Bring your old tax returns, bank statements, work papers and more! You can shred your documents FREE at the secure mobile shredding truck at any of our 3 offices. There is no charge for the service but donations in any amount for Children's Miracle Network will be accepted.

We'll have a raffle, so don't forget to enter and win!

**April 27, 2024**  
**9 am—12 pm**

RE/MAX Executive Millersville  
8432 Veterans Highway  
Millersville, MD

**May 4, 2024**  
**9 am—12 pm**

RE/MAX Executive Kent Island  
1919 Main Street  
Chester, MD

**May 18, 2024**  
**9 am—12 pm**

RE/MAX Executive Severna Park  
650 Ritchie Hwy  
Severna Park, MD

# RE/MAX Executive

Each RE/MAX office independently owned and operated.



# NAR Settlement FAQs

*Last Updated: April 12, 2024*

## Table of Contents

NAR Settlement FAQs .....7

    Settlement Overview and Key Terms .....1

    Who is Covered .....3

    Practice Changes ..... 6

    NAR Operations .....14

## Settlement Overview and Key Terms

### 1. Why did NAR enter into this settlement?

- Since the litigation began, we have worked consistently to reach a resolution with the plaintiffs.
- We have always wanted to reduce the significant strain on our members and provide a path forward for the industry and, from the beginning of this litigation, we had two goals:
  - Secure a release of liability for as many of our members, associations, and MLSs as we could; and
  - Preserve the choices consumers have regarding real estate services and compensation.
- This proposed settlement achieves both of those goals and provides a path for us to move forward and continue our work to preserve, protect, and advance the right to real property for all.

### 2. What are the key terms of the agreement?

- **Release of liability:** The agreement would release NAR, over one million NAR members, all state/territorial and local REALTOR® associations, all association-owned MLSs, and all brokerages with an NAR member as principal whose residential transaction volume in 2022 was \$2 billion or below from liability for the types of claims brought in these cases on behalf of home sellers related to broker commissions.
  - NAR fought to include all members in the release and was able to ensure more than one million members are included.
  - Despite NAR’s efforts, agents affiliated with HomeServices of America and its related companies—the last corporate defendant still litigating the Sitzer-Burnett case—are not released under the settlement, nor are employees of the remaining corporate defendants named in the cases covered by this settlement.
- The agreement provides a mechanism for nearly all brokerage entities that had a residential transaction volume in 2022 that exceeded \$2 billion

and MLSs not wholly owned by REALTOR® associations to obtain releases efficiently if they choose to use it.

**Compensation offers moved off the MLS:** NAR has agreed to put in place a new rule prohibiting offers of compensation on the MLS. Offers of compensation could continue to be an option consumers can pursue off-MLS through negotiation and consultation with real estate professionals. And sellers can offer buyer concessions on an MLS (for example—concessions for buyer closing costs). This change will go into effect in late July 2024.

**Written agreements for MLS participants acting for buyers:** While NAR has been advocating for the use of written agreements for years, in this settlement we have agreed to require MLS participants working with buyers to enter into written agreements with their buyers. This change will go into effect in late July 2024.

**Settlement payment:** NAR would pay \$418 million over approximately four years. This is a substantial sum, and it will be incumbent on NAR to use our remaining resources in the most effective way possible to continue delivering on our core mission. NAR will not change membership dues for 2024 or 2025 because of this payment.

**NAR continues to deny any wrongdoing:** NAR has long maintained — and we continue to believe — that cooperative compensation and NAR’s current policies are good things that benefit buyers and sellers. They promote access to property ownership, particularly for lower- and middle-income buyers who can have a difficult-enough time saving for a down payment. With this settlement, NAR is confident it and its members can still achieve all those goals.

### **3. Does this settlement mean that NAR is admitting that plaintiffs’ allegations are true?**

- No. The settlement makes clear that NAR continues to deny any wrongdoing in connection with the Multiple Listing Service (MLS) cooperative compensation model rule (MLS Model Rule).
- It has always been NAR’s goal to resolve this litigation in a way that preserves consumer choice and protects our members to the greatest extent possible. This settlement achieves both of those goals.
- This agreement significantly reduces liability nationwide for over one million NAR members, all state/territorial and local REALTOR® associations, association-owned MLSs, and all brokerages with an NAR member as principal that had a residential transaction volume in 2022 of \$2 billion or below. Ultimately, continuing to litigate would have hurt members and their small businesses.
- The agreement provides a path forward for our industry and NAR.

#### 4. By changing the cooperative compensation policy, aren't you admitting that it was problematic?

- No. The settlement makes clear that NAR continues to deny any wrongdoing in connection with the Multiple Listing Service (MLS) cooperative compensation model rule (MLS Model Rule).
- NAR has long maintained — and we continue to believe — that cooperative compensation and NAR's current policies are good things that benefit buyers and sellers. They promote access to real property ownership, particularly for lower- and middle-income buyers who can have a difficult-enough time saving for a down payment. Real estate laws in many states authorize offers of compensation.
- With this settlement, NAR is confident it and its members can still achieve all those goals.

#### 5. What were the key factors that influenced NAR's decision to choose the legal path it did for the settlement?

- NAR explored settling throughout the litigation and also carefully considered the other legal options available to us. These included:
  - **Appealing:** A win on appeal would only have addressed the verdict in the Sitzer-Burnett case (not any of the copycat cases) and may only have resulted in a new jury trial, leaving members and consumers with continued uncertainty.
  - **Chapter 11 reorganization:** In theory, Chapter 11 would have enabled NAR to eliminate its own liabilities while pursuing an appeal of the Sitzer-Burnett verdict. But we believe that would have left members with continued uncertainty and potential liability risk. Chapter 11 would also have paused the litigation against NAR but not the other defendants in the cooperative compensation cases.
- Ultimately, while NAR continues to believe that it is not liable for the home seller claims related to broker commissions and that we have strong arguments challenging the Sitzer-Burnett verdict, we decided to reach this settlement to put claims to rest for over one million NAR members and other parties who would be released under the agreement.

## Who is Covered

#### 6. How do I know if I'm covered by the settlement?

- If you are an NAR member, you are covered by the settlement unless:
  - You are an **employee** of: At World Properties, LLC; Compass, Inc.; Douglas Elliman, Inc.; Douglas Elliman Realty, LLC; eXp Realty, LLC; eXp World Holdings, Inc.; Hanna Holdings, Inc.; HomeSmart International, LLC; Howard Hanna Real Estate Services; Keller Williams Realty, Inc.; Real Broker, LLC; The Real Brokerage, Inc.;

Realty Holdings Corp.; Realty ONE Group, Inc.; Redfin Corporation; RE/MAX, LLC; United Real Estate; or Weichert, Realtors® *OR*

- o You are associated with HomeServices of America or one of its affiliates.

**7. Brokerages with an NAR member as principal whose residential transaction volume in 2022 was \$2+ billion are not covered by the release. What about members affiliated with those brokerages?**

- With the exception of members affiliated with HomeServices of America and employees of the remaining corporate defendants named in the cases covered by this settlement, members affiliated with brokerages with an NAR member as principal whose transaction volume in 2022 was \$2+ billion are covered by the release.

**8. What if an agent has different releases under the settlement (e.g., moved between brokerages?) Are they covered by the release in this settlement agreement?**

- The release covers most NAR members for the entire time period, and even if an agent is not covered for some of the time period, they may be covered for others for the time they were not affiliated with HomeServices and its related companies.

**9. How does the settlement affect corporate brokerages and any brokerages that are carved out from the release?**

- The agreement provides a mechanism for nearly all brokerage entities that had a residential transaction volume in 2022 that exceeded \$2 billion and MLSs not wholly owned by REALTOR® associations to obtain releases efficiently if they choose to use it.
- While we would have preferred to protect all industry players, ultimately NAR could not persuade the plaintiffs to include the largest brokerages, particularly given the significant settlements that other corporate defendants have already reached.

**10. Why does the release of liability carve out some co-defendants and some of their affiliated agents?**

- NAR fought to include all members in the release and was able to ensure more than one million members were included.
- Despite NAR's efforts, agents affiliated with HomeServices of America and its related companies—the last corporate defendant still litigating the Sitzer-Burnett case—are not released under the settlement, nor are employees of the remaining corporate defendants named in the cases covered by this settlement.
- Plaintiffs would not agree to include these members and employees of the corporate defendants in the NAR's release



- NAR secured in the agreement a mechanism for nearly all brokerage entities that had a residential transaction volume in 2022 that exceeded \$2 billion and MLSs not wholly owned by REALTOR® associations to obtain releases efficiently if they choose to use it.

**11. How does the settlement affect state/territorial and local associations?**

- The agreement would release all state/territorial and local REALTOR® associations from liability for the types of claims brought in these cases on behalf of home sellers related to broker commissions, and would also require their compliance with the practice changes agreed to in the settlement.

**12. Are institutes, societies, and councils affiliated with NAR included in the release in the settlement agreement?**

- Yes.

**13. Does the fact that the release does not cover everybody mean that NAR has left large corporate brokerages and affiliated agents to fend for themselves?**

- Absolutely not.
- NAR fought to include as many people and companies in the release as possible and achieved a release for everyone it could. Over one million members are covered, as are tens of thousands of REALTOR® businesses.
- The scope of the release makes clear that NAR looked out for its members. Ultimately, NAR was able to ensure that agents, even those at brokerages that are not covered, are among the more than one million members released.
- But, despite NAR's efforts, plaintiffs would not agree to include everybody.
- Those that are not released—the largest companies in our industry—are no worse off now than they were before the settlement.
- In fact, many are better off, as thousands of their independent contractor real estate agents are released by the settlement.
- They can choose whether or not to use the mechanism NAR negotiated.
- Our options included reaching a settlement – whose terms were always going to be affected by the large settlements reached by other corporate defendants – or continuing to appeal the Sitzer-Burnett verdict and litigate the related cases.
- That second option likely would have resulted in our filing for Chapter 11 protection, leaving all members, associations, MLSs, and brokerages exposed.

**14. What is the mechanism for brokerages with residential transaction volume in 2022 that exceeded \$2 billion to obtain releases?**

- NAR secured in the agreement a mechanism for nearly all brokerage entities that had a residential transaction volume in 2022 that exceeded \$2 billion to obtain releases efficiently if they choose to use it. However, the remaining defendants in the actions covered by the Agreement cannot use the opt-in mechanism.
- Broadly speaking, the opt-in provides two paths:
  - Option 1: A brokerage can elect to pay an amount based on a predetermined formula based on that brokerage's residential transaction volume.
  - Option 2: A brokerage can elect to participate in non-binding mediation within 110 days following preliminary approval of the settlement.
  - Brokerages can also choose not to participate in this settlement.
- All agreements reached through this mechanism would be subject to court approval.

#### **15. What is the mechanism for non-association MLSs to obtain releases?**

- For MLSs that are not wholly owned by a REALTOR® association, the agreement includes a mechanism to obtain a release efficiently if they so choose.
- Broadly speaking, the agreement provides two paths:
  - Option 1: The MLS can elect to pay an amount based on a predetermined formula based on number of MLS subscribers.
  - Option 2: The MLS can elect to participate in non-binding mediation within 110 days following preliminary approval of the settlement.
- Under both options, participating non-association MLSs would agree to be bound by the practice changes set forth in the settlement agreement, including and not limited to the adoption of a rule prohibiting offers of compensation on that MLS.
- Non-association MLSs can also choose not to participate in this settlement.

## **Practice Changes**

#### **16. Is it possible for offers of compensation to be conveyed through channels other than the MLS?**

- Yes. Offers of compensation could continue to be an option consumers can pursue off-MLS through negotiation and consultation with real estate professionals. And sellers can offer buyer concessions on an MLS (for example—concessions for buyer closing costs).

**17. Will this prohibition save money for sellers or buyers?**

- As NAR has maintained throughout the litigation, nothing in NAR's current policies (including the MLS Model Rule) has increased costs for buyers or 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.

**18. How does the settlement affect MLSs?**

- The agreement would release association-owned MLSs from liability for the types of claims brought in these cases on behalf of home sellers related to broker commissions.
- While the release excludes MLSs that are not wholly owned by REALTOR® associations, the agreement provides a mechanism for those MLSs to obtain releases efficiently if they choose to use it.
- This mechanism includes opting into the MLS practice changes that are a part of the agreement and paying a per-subscriber fee to the Settlement Fund.
- NAR has agreed to put in place a new rule prohibiting offers of compensation on the MLS. This change will go into effect in late July 2024.
- Additionally, we have agreed to require MLS participants working with buyers to enter into written agreements with their buyers. This change will also go into effect in late July 2024.

**19. How does the settlement affect home sellers and home buyers?**

- 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.
  - MLS participants acting for 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.

**20. How will buyer brokers get paid now?**

- We have long believed that it is in the interests of the sellers, buyers, and their brokers to make offers of compensation — but using the MLS to communicate offers of compensation would no longer be an option.

- Offers of compensation could continue to be an option consumers can pursue off-MLS through negotiation and consultation with real estate professionals.
- The types of compensation available for buyer brokers would continue to take multiple forms, depending on broker-consumer negotiations, including but not limited to:
  - Fixed-fee commission paid directly by consumers
  - Concession from the seller
  - Portion of the listing broker's compensation
- Compensation would continue to be negotiable and should always be negotiated between agents and the consumers they serve.

## **21. What is the value of an MLS?**

MLSs have always provided significant value beyond communicating offers of compensation.

- MLSs:
  - Enable comprehensive marketplaces: Access to inventory and widespread advertising incentivizes local broker participation.
  - Ensure reliable data access: NAR guidelines for local MLS broker marketplaces enable hubs of trusted, verified information where all participants have equitable access.
  - Create connections: Local MLS broker marketplaces create the largest opportunity for connections between real estate agents with properties to sell and those with clients looking to buy.
  - Advance small business: Compiling housing information that is accessible to all businesses, in one place, allows smaller real estate brokerages to compete with larger ones.
  - Encourage entrepreneurship: Because of lower barriers to entry enabled by local MLS broker marketplaces, new market entrants can advance technology, consumer service and other innovations.

## **22. What should listing brokers advise their clients about the prohibition of offers of compensation on an MLS?**

- Listing brokers should inform their clients that offers of compensation would no longer be an option on an MLS.
- This change will not prevent offers of cooperative compensation off an MLS. And it will not prevent sellers from offering buyer concessions on an MLS (for example – concessions for buyer closing costs). Compensation would continue to be negotiable and should always be negotiated between agents and the consumers they serve.

## **23. Why was prohibiting the publication of compensation offers in the MLS part of the settlement?**

- While NAR has long maintained — and we continue to believe — that cooperative compensation and NAR's current policies are good things

that benefit buyers and sellers, we also acknowledge that continuing to litigate would have hurt members and their small businesses, so have agreed to put in place a new rule prohibiting offers of compensation on the MLS.

- This is consistent with NAR's long-maintained position that prohibiting all offers of cooperative compensation entirely would harm consumers and be inconsistent with real estate laws in the many states that authorize them.
- We believe this agreement provides a path forward for our industry and NAR.

**24. Is it possible for offers of compensation to be conveyed through channels other than the MLS?**

- Yes. Offers of compensation could continue to be an option consumers can pursue off-MLS through negotiation and consultation with real estate professionals. And sellers can offer buyer concessions on an MLS.

**25. Do association-owned MLSs need to do anything to be covered by the release?**

- Yes. Association-owned MLSs need to execute an appendix to the agreement in which they agree to abide by the practice changes in the agreement.
- They will have 60 days to execute the appendix.

**26. How will offers of compensation be communicated if brokers can't use MLSs? Doesn't this just make broker compensation less transparent?**

- Offers of compensation could continue to be an option consumers can pursue off-MLS through negotiation and consultation with real estate professionals. And sellers can offer buyer concessions on an MLS (for example—concessions that can be used for buyer closing costs).
- The settlement does not change the ethical duties that NAR members owe their clients.
- REALTORS® are always required to protect and promote the interests of their clients and treat all parties in a transaction, honestly (Article 1, COE).
- NAR members will continue to use their skill, care, and diligence to protect the interests of their clients.
- NAR remains dedicated to promoting transparency in the marketplace and working to ensure that consumers have access to comprehensive, equitable, transparent, and reliable property information, as well as the ability to have affordable professional representation in their real estate transactions.

**27. Are independent MLSs affected by the prohibition of publishing compensation offers on the MLS?**

- Independent MLSs are not required to prohibit offers of compensation on the MLS pursuant to the agreement unless they choose to opt into the settlement, in which case they will need to agree to the practice changes in the agreement and pay a per-subscriber fee to the Settlement Fund.

**28. Does this prohibition affect the compensation amount paid to the listing broker?**

- Compensation would continue to be negotiable and should always be negotiated between agents and the consumers they represent.

**29. How does this affect the existing listing agreements that authorize an offer of compensation to be made in the MLS?**

- After the new rule goes into effect, listing agreements should be amended to reflect that offers of compensation cannot 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.

**30. How would this prohibition affect pending transactions?**

- The practice changes will go into effect in late July 2024.

**31. What steps will buyers' agents need to take to ensure they are being paid for their services?**

- NAR has long encouraged its members to use written agreements because they help consumers understand exactly what services and value will be provided, and for how much.
- In fact, the settlement provides that MLS participants working with buyers must enter into written agreements with those buyers before touring a home.
- These agreements can help consumers understand exactly what services and value will be provided, and for how much.
- The types of compensation available for buyer brokers would continue to take multiple forms, including but not limited to:
  - Fixed-fee commission paid directly by consumers
  - Concession from the seller
  - Portion of the listing broker's compensation
- Compensation would continue to be negotiable and should always be negotiated between agents and the consumers they represent.

**32. Does this mean buyers won't have to use a buyer broker to purchase a property?**

- As always, the consumer chooses whether to use a real estate professional. Research has confirmed that consumers find great value in the services provided by a buyer broker, and we continue to believe it is imperative for buyer brokers to clearly articulate what services and value they are providing to consumers.

**33. Can a buyer request the listing broker to pay compensation to the buyer broker?**

- Offers of compensation could continue to be an option consumers can pursue off-MLS through negotiation and consultation with real estate professionals. And sellers can offer buyer concessions on an MLS (for example—concessions for buyer closing costs).
- Compensation would continue to be negotiable and should always be negotiated between agents and the consumers they serve.

**34. How would the prohibition of offers of compensation on the MLS affect pending transactions/current deals?**

- The practice changes will go into effect in late July 2024.
- Until the practices changes go into effect, offers of compensation are still permitted on the MLS.

**35. Doesn't moving offers of compensation off-MLS introduce friction into the homebuying process? What happens if a buyer broker can't get timely information from a listing broker about offers of compensation?**

- This will be a time of adjustment, but real estate professionals have adjusted to change many times over the years.
- The settlement does not change the ethical duties that NAR members owe their clients.
- REALTORS® are always required to protect and promote the interests of their clients and treat all parties in a transaction honestly (Article 1, COE).
- NAR members will continue to use their skill, care, and diligence to protect the interests of their clients.

**36. Wasn't the purpose of publishing offers of compensation on the MLS to promote transparency? Doesn't moving offers of compensation off-MLS reduce transparency?**

- NAR remains dedicated to bolstering transparency in the marketplace and working to ensure that consumers receive comprehensive, equitable, transparent, and reliable property information, as well as the ability to have affordable professional representation in their transactions.

**37. Won't prohibiting offers of compensation on the MLS raise fair housing issues?**

- This settlement allows compensation to remain a choice for consumers when buying or selling a home.
- NAR continues to believe that offers of compensation help make professional representation more accessible, decrease costs for home buyers to secure these services, increase fair housing opportunities, and increase the potential buyer pool for sellers.
- The settlement does not change the ethical duties that NAR members owe their clients.
- REALTORS® are always required to protect and promote the interests of their clients and treat all parties in a transaction honestly (Article 1, COE).
- NAR members will continue to use their skill, care, and diligence to protect the interests of their clients.

**38. If my MLS removes the compensation field, can I choose to publish my cooperative commission offer in the agent remarks?**

- No. The new rule would prohibit offers of compensation on the MLS.

**39. How long until the offer of compensation field needs to be removed from MLSs?**

- The practice changes will go into effect in late July 2024.

**40. Does this prohibition affect the compensation amount paid to the listing broker?**

- Compensation would continue to be negotiable and should always be negotiated between agents and the consumers they represent, as NAR's policy has required for decades.

**41. Does this mean buyer brokers may have to work for free?**

- No. We have long believed that it is in the interest of the sellers, buyers, and their brokers to make offers of compensation — but using the MLS to communicate offers of compensation would no longer be an option.
- The types of compensation available for buyer brokers would continue to take multiple forms, including but not limited to:
  - Fixed-fee commission paid directly by consumers
  - Concession from the seller
  - Portion of the listing broker's compensation
  - Compensation would continue to be negotiable and should always be negotiated between agents and the consumers they represent.

**42. Can a buyer request the listing broker to pay compensation to the buyer broker?**

- Yes.



**43. How will offers of compensation be communicated if brokers can't use MLSs? Doesn't this just make broker compensation less transparent?**

- Offers of compensation could continue to be an option consumers can pursue off-MLS through negotiation and consultation with real estate professionals. And sellers can offer buyer concessions on an MLS (for example—concessions that can be used for buyer closing costs).
- The settlement does not change the ethical duties that NAR members owe their clients.
- REALTORS® are always required to protect and promote the interests of their clients and treat all parties in a transaction, honestly (Article 1, COE).
- NAR members will continue to use their skill, care, and diligence to protect the interests of their clients.
- NAR remains dedicated to promoting transparency in the marketplace and working to ensure that consumers have access to comprehensive, equitable, transparent, and reliable property information, as well as the ability to have affordable professional representation in their real estate transactions.

**44. Who will be responsible for enforcing the written agreements and ensuring all parties follow this new practice change?**

- The MLS will be responsible for enforcing the rule regarding written agreements, similar to how the MLS enforces other existing rules.

**45. Will written agreements be needed for walk-in viewings (e.g., office or open houses)?**

- NAR staff will work with the MLS advisory board to implement the new rules relating to the agreed upon practice changes.
- When the new rules roll out – and on an ongoing basis – NAR will continue to provide guidance and training in line with industry best practice to help members adapt to the changes to come.

**46. What do these practice changes mean for commercial practitioners?**

- The proposed settlement agreement – like the Sitzer-Burnett lawsuit and the copycat lawsuits – is focused on residential real estate transactions. That means most commercial transactions will not be affected.
- In many markets, commercial listings appear in commercial information exchanges (CIEs) and not multiple listing services (MLSs), and do not include an offer of compensation.
- The settlement prohibits offers of compensation on an MLS and requires MLS participants working with buyers to enter into written agreements with their buyers. These practice changes will go into effect around late July.

**47. Why is NAR putting the practice changes in place prior to receiving final approval?**

- While the settlement is subject to court approval, which is a process that we can expect to take several months or more, NAR agreed under the settlement to put the practice changes in place no later than the date of class notice.
- This was to ensure that there was no gap that could create liability since the release only extends through the date of class notice.

## NAR Operations

### **48. How will NAR fund the settlement?**

- One of the critical advantages of this agreement is that NAR would be able to pay the settlement amount over time.
- We will determine how to allocate funds as they become due, working closely with our Finance Committee.

### **49. How does this settlement change NAR's value proposition? Why should real estate professionals continue to be NAR members after this news?**

- We are confident that this agreement provides a path for NAR to move forward and continue our work to preserve, protect, and advance the right to real property for all.
- NAR fought to include all members in the release and was able to ensure more than one million members were included.
- We will continue to deliver unparalleled value to, and advocacy on behalf of, REALTORS®, including through our learning opportunities and resources, research, and member tools.

### **50. Who at NAR signed off on the settlement and was the decision to settle subject to proper NAR governance procedures?**

- The settlement was signed off by NAR's Leadership Team, in consultation with outside legal and financial experts, and in accordance with NAR's governance procedures.
- Throughout the settlement process, we engaged with a diverse range of members and considered their perspectives and interests while fighting to protect all industry players as best we could.
- As is common in negotiating a complex settlement, there is a need to maintain confidentiality and effectively navigate complex legal considerations, which restricted the extent of the information that NAR could share more broadly.

### **51. In what ways did NAR attempt to include all members in the settlement process, and what were the limitations?**

- Throughout the settlement process, we engaged with a diverse range of members and considered their perspectives and interests while fighting to protect all industry players as best we could.

- As is common in negotiating a complex settlement, there is a need to maintain confidentiality and effectively navigate complex legal considerations, which restricted the extent of the information that NAR could share more broadly.

**52. What was NAR's overarching strategy with the settlement and why did NAR choose to not more actively advocate for its position in the public domain during the legal negotiations?**

- Since the litigation began, we have consistently worked to reach a resolution with the plaintiffs.
- In the months since the Sitzler-Burnett verdict, we redoubled those efforts.
- As is common in negotiating a complex settlement, there is a need to maintain confidentiality and effectively navigate complex legal considerations, which restricted the extent of the information that NAR could share more broadly.
- We have always wanted to reduce the significant strain on our members and provide a path forward for the industry and, from the beginning of this litigation, we had two goals:
  - Secure a release of liability for as many of our members, associations, and MLSs as we could; and
  - Preserve the choices consumers have regarding real estate services and compensation.
- This proposed settlement achieves both of those goals and provides a path for us to move forward and continue our work to preserve, protect, and advance the right to real property for all.
- Ultimately, while NAR continues to believe that it is not liable for the home seller claims related to broker commissions and that we have strong arguments challenging the Sitzler-Burnett verdict, we decided to reach this settlement to put claims to rest for over one million NAR members and other parties who would be released under the agreement.
- NAR has been proactive in publicly advocating our position throughout the litigation. We have published multiple op-eds and provided our perspective to various news outlets reporting on NAR and the challenges our industry faces.
- We have also consistently updated Competition.Realtor—our online hub of information about how REALTORS® and local MLS broker marketplaces create competitive, efficient, pro-consumer markets—with new information, materials, and FAQs pertinent to the litigation.

**53. Why is NAR paying so much more to settle than the corporate defendants did?**

- This settlement was heavily negotiated and is based on NAR's ability to pay.
- NAR has secured a release of liability for over one million NAR members, all state/territorial and local REALTOR® associations, all association-

owned MLSs, and all brokerages with an NAR member as principal that had a residential transaction volume in 2022 of \$2 billion or below.

- There are strong grounds for the court to approve this settlement because it is in the best interests of all parties and class members.

**54. Does the settlement affect NAR's ability to continue operating?**

- We are confident that this agreement provides a path for us to move forward and continue our work to preserve, protect, and advance the right to real property for all.
- The settlement amount is a substantial sum, and it will be incumbent on NAR to use our remaining resources in the most effective way possible to continue delivering on our core mission.
- The Finance Committee and Strategic Planning Committee will remain critical in reviewing and providing guidance about NAR's operating budget to help ensure we will continue to deliver unparalleled value to and advocacy on behalf of REALTORS®, including through our learning opportunities and resources, research, and member tools.

**55. Can NAR use reserves to pay for the settlement? If so, how much?**

- This settlement was heavily negotiated, and the amount is based on NAR's ability to pay.
- One of the critical advantages of this agreement is that NAR would be able to pay the settlement amount over time.
- We will determine how to allocate funds as they become due, working closely with our Finance Committee.

**56. What does this settlement mean for NAR advocacy efforts? Is there still funding available for those efforts?**

- One of the critical advantages of this agreement is that NAR would be able to pay the settlement amount over time.
- The settlement amount is a substantial sum, and it will be incumbent on NAR to use our remaining resources in the most effective way possible to continue delivering on our core mission.
- The Finance Committee and Strategic Planning Committee will remain critical in reviewing and providing guidance about NAR's operating budget to help ensure we will continue to deliver unparalleled value to, and advocacy on behalf of, REALTORS®, including through our learning opportunities and resources, research, and member tools.

**57. Will NAR raise dues or levy an assessment on members to fund the settlement?**

- NAR will not change membership dues for 2024 or 2025 because of this payment.

**58. How quickly do you expect the settlement to be reviewed and/or approved by the court?**

- We can expect the process of court review to take several months or more.
- There are strong grounds for the court to approve this settlement because it is in the best interests of all parties and class members.

# NAR Settlement Financing FAQs

*Last Updated: April 12, 2024*

## 1. What are interested party contributions?

- Fannie Mae, Freddie Mac, and the FHA specify limits on how much a seller or broker can contribute to the buyer to pay for services typically paid by the buyer. These payments are called interested party contributions (IPCs).

## 2. Is compensation paid by a seller or listing broker to a buyer broker considered an IPC?

- No. The agencies exclude fees “traditionally” or “customarily” paid by the seller from the IPCs.

## 3. Does the recently announced NAR settlement change that? Is compensation paid by a seller or listing broker to a buyer broker now an IPC?

- The 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.
- Based on our interpretation of current guidance that Fannie Mae, Freddie Mac, and FHA provide on this point, we do not expect compensation paid by a seller or listing broker to a buyer broker to become an IPC.
- NAR is working to get verification on this point.

## 4. So does the settlement change access to mortgages for buyers?

- No. Under the settlement, buyers still have the same options when it comes to compensating their real estate representatives. That is, the listing brokers can compensate the buyer broker, the seller can compensate the buyer broker, or the buyer can compensate their broker directly.
- Based on our interpretation of current guidance, buyers should still be able to get financing from Fannie Mae, Freddie Mac, and the FHA under these scenarios.
- NAR [wrote](#) to Fannie Mae, Freddie Mac, and the FHA seeking confirmation of our interpretation. In a letter to NAR, [FHA confirmed](#) that this interpretation does hold.
- NAR is working to verify that this interpretation is with Fannie Mae and Freddie Mac. However, none of these agencies will allow the buyer to finance a commission into the mortgage at this time.

## 5. What about VA loans and the prohibition on buyers paying commissions directly?

- NAR recently submitted a letter to the Department of Veterans Affairs (VA) urging them to revise its policies pertaining to fees veterans cannot pay when using their VA home loan benefit.
- NAR specifically calls on the VA to allow their buyers to compensate their representative directly, which is currently prohibited under their policies. The letter stresses the importance of professional representation for veterans in the purchasing process, and outlines the potential consequences for VA buyers in situations where compensation is not offered from a seller.
- NAR wants to ensure veterans maintain their access to the VA home loan program, which has been a significant tool in helping service members achieve the American dream of homeownership, and we remain committed to working with the department to create solutions for those who served out country.

## **6. Can real estate commissions be financed?**

- Financing commissions is not feasible under the current structure of the residential mortgage finance system, and there is no clear short-term legislative or regulatory fix.
- Banks would treat such a loan as a personal loan that would have higher rates and they would limit access to those loans to borrowers with better credit profiles. Furthermore, that personal loan would add to the buyers' liabilities and make it harder to qualify for the mortgage they are seeking.
- Fannie Mae, Freddie Mac, and FHA do not allow commissions to be added to the balance of the mortgage. Simply put, investors will only lend against the asset they can take back and sell in a foreclosure. An investor would not be able to take back and sell the commission for a service like real estate brokerage.
- Finally, there are significant limits to adding commissions to the mortgage rate. Several rules that make up the foundation of mortgage finance would need to be changed by the regulators and Congress. Those rules took years to develop, implement, and refine, and changing them could take years, potentially a decade or more.

## **7. What is NAR doing to promote access to financing for home buyers?**

- As noted above, IPCs do not currently affect the availability of financing and that is not expected to change.
- NAR is working with our partners in the lending community to gain greater clarity on guidance from the agencies and to maintain the steady flow of funding for closing home purchases.
- NAR also continues to advocate for policies that could benefit potential homebuyers and expand opportunities for Americans to achieve homeownership.

# *Dispelling Myths* About Real Estate Commissions and the MLS

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By Lisa Sturtevant, PhD  
Chief Economist, Bright MLS

April 2024





Homebuyers and sellers are hearing misleading, and in some cases, inaccurate, reporting on the real estate industry, real estate commissions, and multiple listing services (MLSs) in the wake of the recent class action litigation.

Some of the discussions have relied on old and irrelevant research that does not reflect current market conditions. In addition, there has been little explanation about the potential negative impacts of the proposed settlement on fair housing and access to homeownership.

What has been missing from the discussion is analysis of actual home sales data in the current housing market. To fill that gap, Bright MLS undertook research on four years of home sales transactions and found that many statements being echoed by the media are simply not supported by actual market data. Furthermore, the research demonstrates the important role of MLSs in ensuring a transparent, efficient, and fair housing marketplace.



**On March 15, 2024, the National Association of REALTORS® (NAR) announced that they reached a settlement in the litigation against NAR and many brokers, associations, and MLSs.**

The agreement would resolve nearly all of the lawsuits, in exchange for NAR paying hundreds of millions of dollars and requiring brokers, agents, and MLSs to adopt new practices.

One change has to do with the offer of buyer agent compensation in the MLS. Multiple listing services, including Bright MLS, have data solely about the compensation amounts initially offered by sellers and their agents to a buyer's agent, which is entered into the MLS along with all other listing details. This is the "offer of compensation" at the heart of the litigation and settlement. The MLS does not have data about either the fee paid by a seller to his or her agent or the compensation ultimately received by the buyer's agent. These agent fees could—and still can be—negotiated during the homebuying process.

The settlement agreement will change some things about how these negotiations work, but many current practices will not change. Buyers and sellers can still negotiate commissions with their agents. Sellers can also still agree to have their agent share part of their commission with a buyer's agent. And sellers can still offer to pay a buyer's agent directly or offer concessions for buyers to apply to closing costs. In turn, buyers may pay their real estate agent directly or ask the seller to cover those costs. Of course, buyers and sellers may still choose to go without representation during the transaction.

The changes coming as a result of the settlement, which will go into effect late this summer, will prohibit listing agents from using the MLS to communicate offers to pay a buyer's agent. Listing agents may still communicate those offers, just not through the MLS and websites that rely on the MLS for property information. The settlement also will require buyers to sign a buyer-representation agreement with their chosen agent, agreeing on how much the buyer's agent will be paid.

The proposed changes have the potential to make the homebuying process more complicated and less transparent, if not implemented with care by agents, brokers, and MLSs. The proposed changes could result in more listings taking place outside of the MLS, which is less efficient and creates fair housing challenges. Furthermore, the changes create a risk for first-time homebuyers and more moderate-income homebuyers who may go without representation.

**There are many assertions being made about the homebuying process in the wake of the draft settlement agreement. For instance, some assert that real estate agents "steer" buyers away from properties with low offers of buyer-agent compensation and that high commissions drive up home prices. Bright MLS researchers conducted an analysis of more than one million home sales transactions that took place in the Bright MLS service area<sup>1</sup> to analyze some of the claims about the residential real estate industry. We ultimately found many statements being made in the media and by others are simply not supported by market data.**

<sup>1</sup> *The Bright MLS service area includes 68 counties in New Jersey, Pennsylvania, Delaware, Maryland, West Virginia, Virginia, and the District of Columbia.*

## FACT #1

## Agents do not “steer” buyers to homes with higher buyer agent commissions.

Analysis of over one million home sales transactions taking place across six states and the District of Columbia between 2020 and 2023 shows no such relationship between sales activity and commissions.

The argument that buyers are “steered” away from homes with lower buyer agent commissions have referenced just two research studies, but neither of these studies reflect current housing market conditions. The first study<sup>2</sup> examined home sales in the Boston area between 1998 and 2011 to conclude that homes with lower buyer agent commissions were more difficult to sell.

However, there have been major changes in the housing market since that study, making the findings largely irrelevant. The research was conducted on sales that occurred long before online searches became ubiquitous to the homebuying process. Most buyers now find their home online and use a real estate agent to tour homes, identify and resolve potential issues with a property, evaluate homes and neighborhoods, arrange inspections and appraisals, negotiate a price and concessions with the seller and his or her agent, and prepare paperwork needed for the purchase. Because home shoppers are seeing properties online, it would be very difficult for

buyers’ agents to keep their buyers from touring a home. It simply is impractical for a buyer’s agent in today’s market to attempt to engage in the type of systematic steering being suggested.

The second study<sup>3</sup> looked at the correlation between buyer agent commissions and listing page views on an online real estate portal. The study found that there were, on average, fewer page views for properties with lower offers of compensation. However, because the website used in the study does not permit users to filter or sort their home-search results based on the amount offered to their buyer broker, it is not reasonable to conclude that lower page views were due to lower offers of compensation. Instead, it would be more reasonable to assume that some other variable that the study did not account for—like the attractiveness of the home, the photos, and the descriptive information—accounted for lower page views for those homes.

<sup>2</sup> Panle Jia Barwick, Parag A. Pathak, & Maisy Wong, *Conflicts of Interest and Steering in Residential Brokerage*, 9 *Am. Econ. J.: Applied Econ.* 191 (2017), [www.aeaweb.org/articles?id=10.1257/app.20160214](http://www.aeaweb.org/articles?id=10.1257/app.20160214)

<sup>3</sup> Jordan M. Barry, Will Fried, & John William Hatfield, *Et Tu, Agent? Commission-Based Steering in Residential Real Estate*, USC CLASS Research Paper No. 24-7 (Oct. 9, 2023), <https://ssrn.com/abstract=4596391>

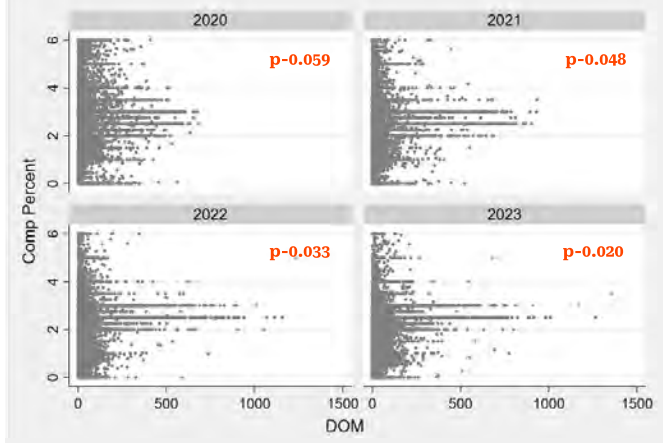


## What the Data Says

Our analysis examined over one million home sales transactions taking place in the Bright MLS service area, which includes six states and the District of Columbia. The data analyzed includes listings that were entered into Bright MLS on or after January 1, 2019 and sold sometime between January 1, 2020 and December 31, 2023. The dataset includes information on the offer of compensation to the buyer’s agent, as well as a range of other property characteristics and information about the transaction, including days on market.

If agents were “steering” buyers to homes with higher offers of buyer agent compensation, then we would expect to see homes with lower offers of compensation take longer to sell and homes with higher offers of compensation sell more quickly. This would mean a negative relationship between compensation and days on market. Instead, we see a weak, positive relationship between compensation and days on market. This weak, positive relationship is observed across years, price points, and each of the states served by Bright MLS.

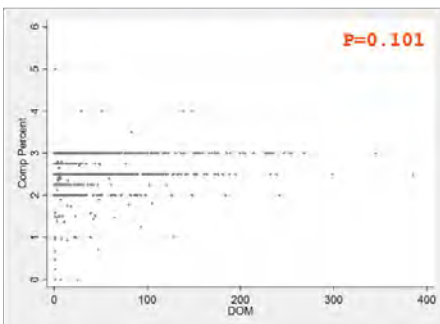
**Figure 1.**  
Correlation between Compensation Percent and Days on Market (DOM)  
Bright MLS Home Sales Transactions, 2020-2023



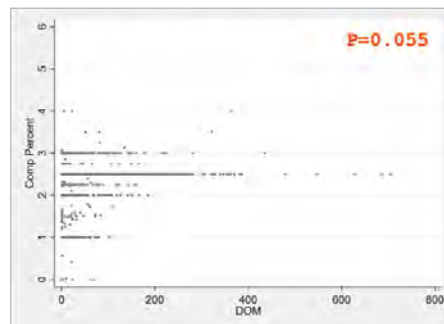
We drilled down further to look at the relationship between days on market and buyer compensation for homes in specific neighborhoods across the Bright MLS service area. There is a weak and inconsistent relationship between compensation percent and days on market at the zip code level.

**Figure 2. Correlation between Compensation Percent and Days on Market (DOM)**  
Select Zip Codes, 2020-2023

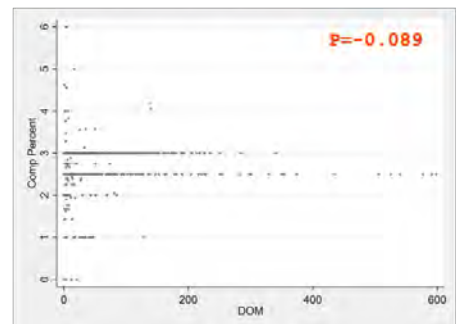
**Zip code 22554 : Stafford, VA**



**Zip code 21224 : Baltimore, MD**



**Zip code 17603 : Lancaster, PA**



A multivariate analysis accounts for a whole set of factors that influence how long a property takes to sell. Running a multivariate analysis can help us see whether other factors are “masking” a negative relationship between compensation rate and days on market. A multivariate analysis also allows us to identify the factors that are most important to determining how long it takes a home to sell. The estimation includes zip code (postalcode) as an absorbed variable, which means the model is accounting for differences across zip codes.

After controlling for the property’s list price, the year the property sold, the age of the home, whether it is a condo or fee-simple property, number of bedrooms, living area (in square feet), and zip code, the relationship between compensation percent and days on market is still positive.

Overall, the signs of the explanatory variables are all consistent with expectations:

- Homes with higher list prices take longer to sell ( $\beta_{\text{original list price}} > 0$ )
- Homes sold earlier in the time period (i.e. 2020 versus 2023) sell more quickly ( $\beta_{\text{year}} < 0$ )
- Older homes take longer to sell ( $\beta_{\text{age}} > 0$ )
- Fee-simple homes sell more quickly than condos ( $\beta_{\text{feesimple}} < 0$ )
- Homes with more bedrooms take longer to sell ( $\beta_{\text{bedrooms}} > 0$ )
- Similarly, larger homes as measured by living area (in square feet) take longer to sell ( $\beta_{\text{livingarea}} > 0$ )

All variables are significant predictors of days on market.

The coefficient on compensation percent is also significant and it is positive, which means that controlling for other factors, properties with higher offers of buyer agent compensation take longer to sell compared to similar properties with lower offers of compensation.

**Figure 3. Multivariate Regression Analysis: Compensation Percent (comm\_pct)**

Dependent Variable: days on market (DOM)

```
areg daysonmarket comm_pct originallistprice listyear age agesq feesimple bedroomstotal
livingarea, absorb(postalcode) robust
```

Linear regression, absorbing indicators	Number of obs	=	1,059,333
Absorbed variable: <b>postalcode</b>	No. of categories	=	1,630
	F( 8,1057695)	=	3771.34
	Prob > F	=	0.0000
	R-squared	=	0.1093
	Adj R-squared	=	0.1079
	Root MSE	=	44.0233

daysonmarket	Robust		t	P> t	[95% Conf. Interval]	
	Coef.	Std. Err.				
comm_pct	1.589256	.1288045	12.34	0.000	1.336803	1.841708
originallistprice	6.13e-07	2.88e-07	2.13	0.033	4.94e-08	1.18e-06
listyear	-8.460171	.0511744	-165.32	0.000	-8.560471	-8.359871
age	.0015337	.0004493	3.41	0.001	.000653	.0024144
agesq	6.72e-07	1.42e-07	4.73	0.000	3.94e-07	9.50e-07
feesimple	-7.899328	.1686669	-46.83	0.000	-8.22991	-7.568747
bedroomstotal	1.953954	.2549422	7.66	0.000	1.454276	2.453632
livingarea	.0010175	.0003785	2.69	0.007	.0002757	.0017593
_cons	17119.73	103.4615	165.47	0.000	16916.95	17322.52



**Figure 4. Multivariate Regression Analysis: Compensation Amount (comm\_amt)**

Dependent Variable: days on market (DOM)

```
areg daysonmarket comm_amt originallistprice listyear age agesq feesimple bedroomstotal
livingarea, absorb(postalcode) robust
```

```
Linear regression, absorbing indicators           Number of obs       = 1,059,328
Absorbed variable: postalcode                   No. of categories   = 1,630
                                                F( 8,1057690)       = 3789.24
                                                Prob > F             = 0.0000
                                                R-squared            = 0.1121
                                                Adj R-squared        = 0.1107
                                                Root MSE             = 43.9536
```

daysonmarket	Robust		t	P> t	[95% Conf. Interval]	
	Coef.	Std. Err.				
comm_amt	.0004175	.0000303	13.77	0.000	.0003581	.0004769
originallistprice	3.59e-07	1.71e-07	2.09	0.036	2.28e-08	6.95e-07
listyear	-8.793772	.056206	-156.46	0.000	-8.903933	-8.68361
age	.0016906	.0004371	3.87	0.000	.0008339	.0025474
agesq	6.67e-07	1.44e-07	4.64	0.000	3.85e-07	9.48e-07
feesimple	-8.977856	.1751042	-51.27	0.000	-9.321054	-8.634657
bedroomstotal	.8377509	.142495	5.88	0.000	.5584654	1.117036
livingarea	.0006213	.0002464	2.52	0.012	.0001384	.0011042
_cons	17799.07	113.6351	156.63	0.000	17576.35	18021.79

Results are similar if we include compensation *amount* rather than compensation *percent* as an explanatory variable. The signs of the explanatory variable are as expected. The coefficient of the compensation amount variable (comm\_amt) is positive, indicating that listings with higher levels of buyer compensation are associated with longer days on market.

**FACT #2**

## Commissions do not drive up home prices.

Reports on the settlement have suggested—and in many cases, outright stated—that high commissions are causing high home prices.

Over the past few years, home prices have, indeed, escalated. Low mortgage rates during the pandemic fueled strong housing demand. Historically low inventory has created a super competitive market for buyers. Housing affordability hit an all-time low in 2023.<sup>4</sup>

In this high-cost housing market, it is understandable that people are looking for someone to blame for high home prices. The primary drivers of home prices—properties of the home, quality of the neighborhood, inventory, mortgage rates, demographics, labor market conditions—are all very much beyond our control. However, it is these supply and demand factors that drive home prices.

It is too soon to understand how the proposed settlement may change how buyer and seller agents will get paid, and how much. However, it is clear from recent transactions data that there is no relationship between the offer of compensation to the buyer's agent and home prices.

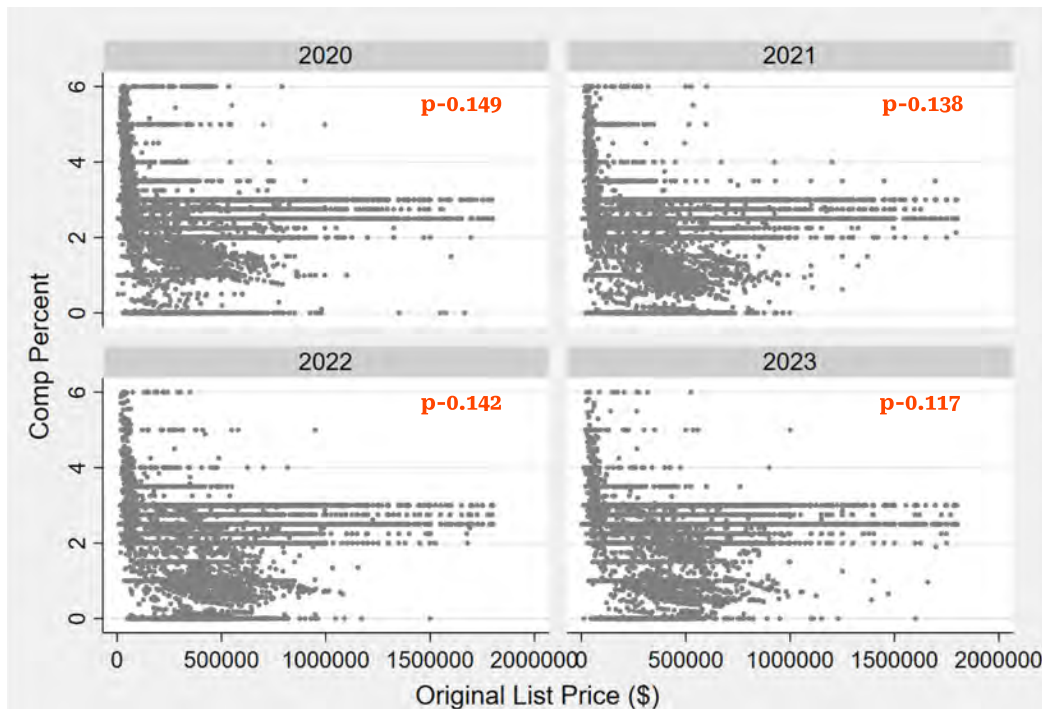
<sup>4</sup> National Association of REALTORS® Housing Affordability Index, <https://www.nar.realtor/blogs/economists-outlook/housing-affordability-hits-historical-low-in-august-2023>



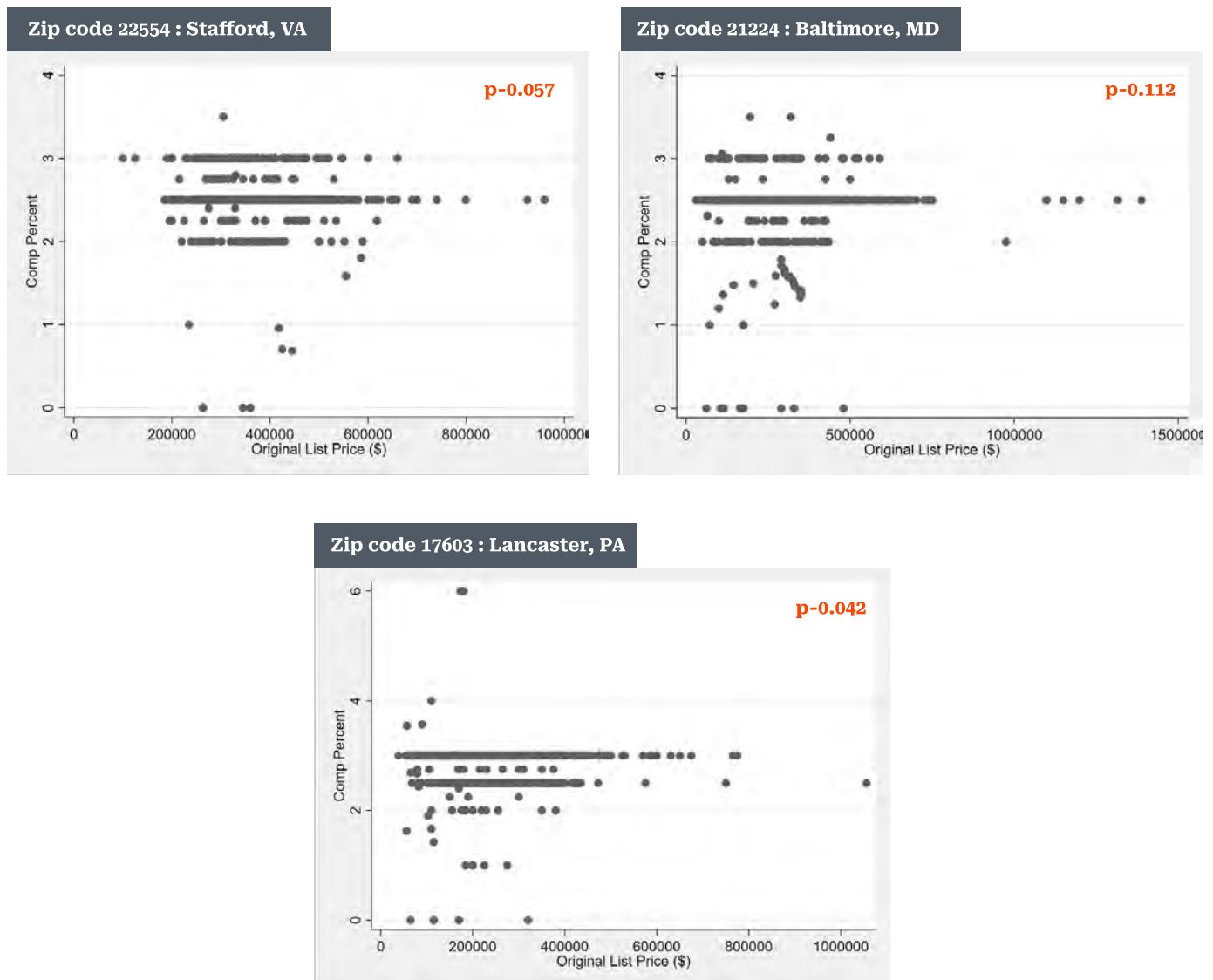
## What the Data Says

If higher offers of buyer compensation led to higher prices, we would expect there to be a positive correlation between the offer of compensation and list prices for similar homes. The charts below show scatterplots for three-bedroom, fee-simple homes that sold between 2020 and 2023 in the Bright MLS service area. The correlation between compensation percent and list price is negative, indicating that higher offers of buyer compensation are actually associated with *lower* list prices for similar homes. The relationship is consistently negative in each of the four years in the dataset.

**Figure 6. Correlation between Compensation Percent and Days on Market (DOM)**  
Bright MLS Home Sales Transactions, three-bedroom, fee-simple homes, 2020-2023



The analysis examined list prices of three-bedroom, fee-simple homes in specific neighborhoods as defined by zip codes. We found a weak association between compensation percent and list prices of three-bedroom, fee-simple homes sold between 2020 and 2023 in three zip codes, though the direction of the relationship is not consistent across zips.



There are many other factors that drive home prices. Similar to the analysis of days on market, we conducted a multivariate analysis to examine the variables that explain list prices. Explanatory variables included year of the sale and characteristics of the property (e.g., age of the home, number of bedrooms). In addition, we included the average rate on a 30-year fixed rate mortgage during the month the property sold.

Based on the multivariate analysis of list price, higher compensation percents are associated with lower list prices, holding characteristics of the property and mortgage rates constant. The most important factors explaining list prices are characteristics of the home and mortgage rates.

Overall, the signs of the independent variables are all consistent with expectations:

- Homes sold later in the time period (i.e. 2023 versus 2020) are priced higher ( $\beta_{\text{year}} < 0$ )
- Older homes have lower list prices ( $\beta_{\text{age}} > 0$ )
- Fee-simple homes have higher list prices than condos ( $\beta_{\text{feesimple}} < 0$ )
- Homes with more bedrooms have higher home prices ( $\beta_{\text{bedrooms}} > 0$ )
- Similarly, larger homes have higher list prices ( $\beta_{\text{livingarea}} > 0$ )

All of these property characteristics are significant predictors of list prices.



Mortgage rates were also a significant predictor of list prices, with higher mortgage rates associated with lower list prices, holding all other factors constant.

The sign on the compensation percent variable is negative, indicating that similar listings with higher offers of buyer agent compensation actually have lower list prices. Specifically, for each 1 percentage point increase in buyer compensation, the average home list price decreases by \$21,523, holding all other characteristics constant.

**Figure 8. Multivariate Regression Analysis: Compensation Percent (comm\_pct)**  
 Dependent Variable: original list price (originallistprice)

```

areg originallistprice comm_pct listyear age agesq feesimple bedroomstotal livingarea
mort_rate, absorb(postalcode) robust
    .near regression, absorbing indicators
    .> absorbed variable: postalcode
                                     Number of obs   = 1,000,525
                                     No. of categories = 1,620
                                     F( 8, 998897)      = 35738.73
                                     Prob > F         = 0.0000
                                     R-squared         = 0.6877
                                     Adj R-squared     = 0.6872
                                     Root MSE       = 1.472e+05
    
```

originallistprice	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]	
comm_pct	-21523.45	986.3358	-21.82	0.000	-23456.63	-19590.26
listyear	31091.81	332.6492	93.47	0.000	30439.82	31743.79
age	-20.22475	4.83467	-4.18	0.000	-29.70054	-10.74896
agesq	.001378	.0006146	2.24	0.025	.0001734	.0025826
feesimple	100431.4	1980.686	50.71	0.000	96549.29	104313.4
bedroomstotal	88014.46	8021.531	10.97	0.000	72292.53	103736.4
livingarea	29.94023	13.14738	2.28	0.023	4.171801	55.70866
mort_rate	-2184.986	181.0916	-12.07	0.000	-2539.919	-1830.052
_cons	-6.28e+07	672480.1	-93.39	0.000	-6.41e+07	-6.15e+07

*Note: Excluded top 1% original list prices*

The theory that higher offers of compensation to a buyer’s agent leads sellers to list their homes for a higher price is not borne out by analysis of actual home sales transactions. Rather, the seller’s decision about list price likely comes in consultation with their real estate agent about the characteristics and quality of the home and current market conditions.

**FACT #3**

## **Listing a home on the MLS creates an open and fair housing marketplace.**

Under the proposed settlement agreement, NAR agreed to create a new rule for MLSs prohibiting a blanket offer of compensation to buyers' agents in the MLS system.

The change means only that offers of compensation cannot be communicated via the MLS as they currently are able to do, but buyers and sellers can still negotiate who pays what. The mechanism by which buyers and sellers can negotiate and communicate about commissions is still unclear.

It has been reported that the offer of buyer agent compensation in the MLS allows buyers' agents to search by that compensation field and "steer" buyers away from properties where the commission to the agent is lower. As we have shown above, there is no evidence to suggest a relationship between the offer of compensation and how low it takes a home to sell.

What the MLS does do is create an efficient marketplace that allows information about listings to be available to anyone searching for a home. Public real estate websites and apps, where buyers and sellers browse for homes, rely on the nation's local MLSs to get their data. The MLSs set rules so that the listing data is accurate and consistent, and then the MLSs feed that information to hundreds of thousands of websites and apps, making the information widely available to consumers.

The MLS creates an open, efficient, and fair housing marketplace. When brokerages hold listings off the MLS to sell as "private" or "office exclusive" properties, they are keeping information about available homes for sale from a lot of prospective buyers.

## What the Data Says

There is evidence that homes sold outside the MLS make the housing market less fair and less efficient. A 2018 study<sup>5</sup> of the real estate market in Houston found that listings marketed off the MLS as pocket listings resulted in discrimination in the housing market, with minority homebuyers much less likely to get information about homes available for sale.

The research found that white real estate agents are more likely to use pocket listings and are most likely to circulate information about pocket listings to predominantly white networks. The study found that this practice of pocket listings increases housing inequalities, reinforces residential segregation patterns, and raises fair housing concerns.

Bright MLS research staff conducted an analysis on a more recent set of data and came to similar conclusions. In an analysis of closed sales in the Bright MLS service area between 2020 and July 2023, we identified homes that were sold as “office exclusive” or “pocket” listings, meaning homes marketed by an agent but not through the MLS, and compared them to properties listed by the agent on the MLS. We examined the characteristics of the neighborhoods where these office exclusive (OE) and non-OE listings were located.

The research found that OE listings were more likely than non-OE listings to be in neighborhoods with higher shares of white residents. OE listings were also more common in higher-income neighborhoods. The differences were statistically significant at the 1% level.

<sup>5</sup> Korver-Glenn, Elizabeth. 2018. *Brokering Ties and Inequality: How White Real Estate Agents Recreate Advantage and Exclusion in Urban Housing Markets*. *Social Currents* 5(4): 350-368.

**Figure 9. Summary of Neighborhood Characteristics**  
 OE Listings versus Non-OE Listings, Bright MLS Service Area

*Neighborhood characteristics are based on Census tract data from the U.S. Census Bureau.  
 \*Statistically different at the 1% level*

Neighborhood Percent White			
State	Office Exclusive	Non-Office Exclusive	Diff (OE-non OE)*
Overall	61.7%	59.0%	2.7%
DC	40.5%	36.9%	3.6%
DE	73.2%	63.5%	9.7%
MD	57.8%	53.4%	4.4%
NJ	66.7%	63.6%	3.1%
PA	70.0%	69.6%	0.4%
VA	53.8%	51.6%	2.2%

Neighborhood Median Household Income			
State	Office Exclusive	Non-Office Exclusive	Diff (OE-non OE)*
Overall	\$114,504	\$98,609	\$15,895
DC	\$119,527	\$105,674	\$13,853
DE	\$78,469	\$75,786	\$2,683
MD	\$126,198	\$100,153	\$26,045
NJ	\$96,789	\$93,007	\$3,782
PA	\$95,691	\$84,093	\$11,598
VA	\$141,809	\$127,867	\$13,942

Listing a home on the MLS makes sure that every prospective homebuyer can see all available homes for sale. This helps to ensure that homebuyers are not excluded from the market simply due to where they live or what agent or broker they know. The MLS also makes the homebuying process more efficient and competitive. Bright MLS research found that homes marketed on the MLS sell more quickly than similar homes initially marketed as an office exclusive.<sup>6</sup> In addition, because sellers have more prospective homebuyers viewing their listing, homes sold on-MLS bring sellers more competitive offers.<sup>7</sup>

<sup>6</sup> On MLS Study: Measuring the Benefits of an Open Marketplace. Bright MLS. August 2022.

<sup>7</sup> On-MLS Study: Measuring the Benefits of an Open and Transparent Marketplace. Bright MLS. August 2023.

**FACT #4**

## Homebuyers highly value a knowledgeable, professional buyer's agent.

Narrative around the litigation and settlement have suggested that buyers' agents have become less necessary. The argument goes that since home shoppers can now view homes online, buyers' agents are not as important and therefore do not "earn" the compensation they receive.

Narrative around the litigation and settlement have suggested that buyers' agents have become less necessary. The argument goes that since home shoppers can now view homes online, buyers' agents are not as important and therefore do not "earn" the compensation they receive.

Buying a home is the biggest financial decision most people make. Consumer research has consistently shown that homebuyers value working with a real estate agent. According to the 2023 Profile of Home Buyers and Sellers, 90% of homebuyers said that they would use their real estate agent again or would recommend their agent to others.<sup>8</sup>

While the annual surveys of homebuyers and sellers report on opinions about and experiences working with agents, the data tends to be very high level, without an in-depth analysis on the reasons why homebuyers choose to work with a real estate agent and what specifically they value about having a buyer's agent. To fill that gap, Bright MLS worked with Remesh.ai to conduct a live, in-depth conversation with 110 recent homebuyers and renters

across the country. The online conversation was conducted on Tuesday, December 12, 2023, from 7 to 8 p.m. Eastern Time. The conversation participants, who were recruited by Remesh.ai, included 85 recent homebuyers and 25 renters.

The conversation was a mix of poll questions, where participants were asked a question and had to select their response from a list of options, and open-ended opinion questions, where participants provided a written free-form response. Most poll questions also included follow-up opinion questions to better understand the "why" of the response. These follow-up questions were used to analyze whether there was consensus around certain topics or ideas.

<sup>8</sup> National Association of REALTORS® 2023 Profile of Home Buyers and Sellers, <https://www.nar.realtor/research-and-statistics/research-reports/highlights-from-the-profile-of-home-buyers-and-sellers>



## What the Data Says

Consumers think it is important for buyers to have representation. Most homeowners who participated in the online discussion used a real estate agent or broker when they purchased their home, and most respondents said they had a positive experience with their real estate agent. More than three-quarters of participants said that when you buy a home, you should definitely have someone working with you who represents your interests.

**Figure 10. Results from December 2023 Consumer Focus Group**



*Source: Bright MLS focus group of 110 recent homebuyers and renters, December 2023*

In the follow-up question, most participants emphasized that having representation is important because experts understand the buying process, know about properties, and can handle complications. Additionally, participants remarked that having a professional ensures fewer errors, provides valuable knowledge, protects the buyer from being taken advantage of, makes the process easier, assists with legal aspects and negotiations, and helps secure the best deal.

More than 90% of participants agreed with the statement “It would be very stressful to navigate the homebuying process without a real estate agent or broker,” and 86.7% agreed with the statement “A real estate agent or broker is an essential, trusted advisor for a homebuyer.”

Nearly all recent homebuyers searched for homes on an online real estate portal. Participants commented that online real estate portals have improved the homebuying process by making it easier to access information, compare homes, find homes with specific characteristics, see virtual house tours, narrow down choices, and search from long distances. However, there was broad consensus among focus group participants that online real estate portals are not a substitute for working with a professional real estate agent.

Our focus group research found that consumers feel overwhelmed by the amount of information available online. Most focus group participants agreed that while you can view homes online, it's still important to work with an agent and that an agent has knowledge and expertise that is not available through an online portal. Consumers value that knowledge and expertise.

## CONCLUSION

There is a lot of misinformation swirling around about the residential real estate industry, real estate agent compensation, and multiple listing services. Our research uses actual data from home sales transactions and survey data from recent homebuyers and renters to provide context about how the housing market works.

Our analysis shows that the headlines and assertions are not supported by the data:

- 1** There is no correlation between buyer's agent compensation and length of time to sell a home, contrary to some comments being made by the media and prosecutors.
- 2** Agent commissions have not been driving up home prices; rather, property and neighborhood characteristics and mortgage rates have fueled home price appreciation.
- 3** Listing a home on the MLS provides tremendous value both to buyers and to sellers. When homes are listed on the MLS, all homebuyers have an opportunity to see all homes available for sale. Sellers get more "eyes" on their property, which brings them the best offer.
- 4** When recent homebuyers are asked about real estate agents, there is widespread consensus that it is important for a homebuyer to have their own representation during the complex and sometimes stressful homebuying experience.

## About Bright MLS

Bright MLS was founded in 2016 as a collaboration between 43 visionary associations and two of the nation's most prominent MLSs to transform what an MLS is and what it does, so real estate pros and the people they serve can thrive today and into our data-driven future through an open, clear and competitive housing market for all. Bright is proud to be the source of truth for comprehensive real estate data in the Mid-Atlantic, with market intelligence currently covering six states (Delaware, Maryland, New Jersey, Pennsylvania, Virginia, West Virginia) and the District of Columbia. Bright MLS's innovative tool library—provides services and award-winning support to well over 100K real estate professionals, enabling their delivery on the promise of home to over half a million home buyers and sellers monthly.

[Learn more at BrightMLS.com](https://BrightMLS.com)



**FACT OR FICTION?**

# Dispelling Myths about Real Estate Commissions and the MLS

— April 2024

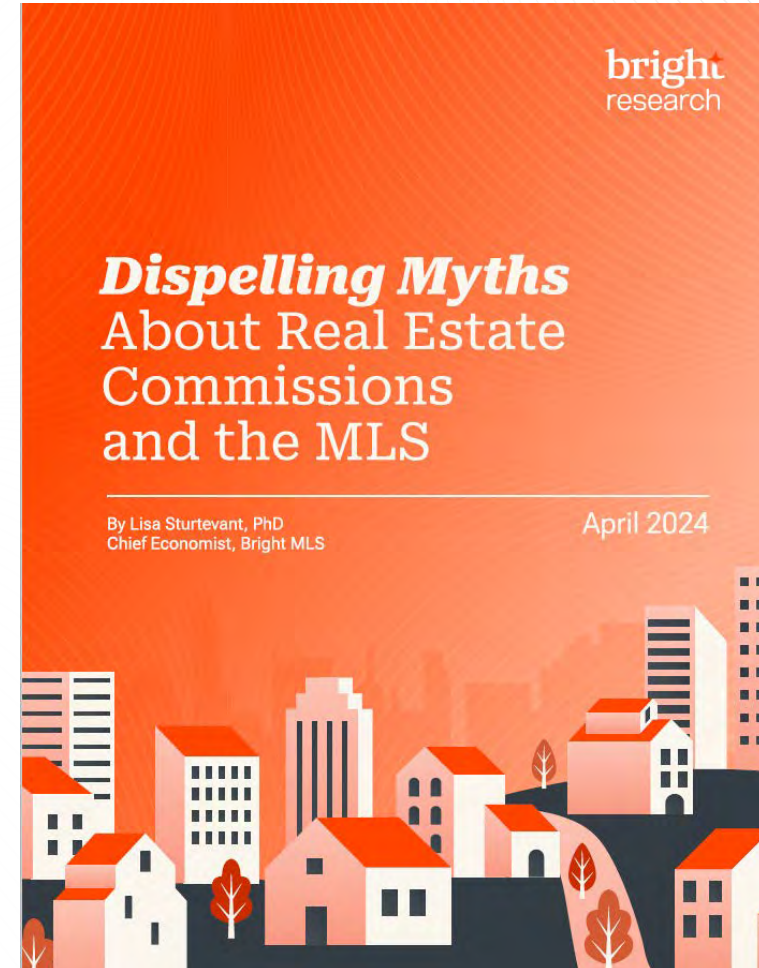


## FACT OR FICTION?

# Dispelling Myths about Real Estate Commissions and the MLS

Homebuyers and sellers are hearing misleading, and in some cases, inaccurate, information about the real estate industry, real estate commissions, and multiple listing services (MLSs) in the wake of the recent class action litigation.

Bright MLS conducted research to help clarify how home sales transactions actually work and to show how REALTORS® and the MLS bring value to consumers.



## THE RESEARCH

# Data and Methodology

Bright MLS researchers conducted an analysis of more than one million home sales transactions that took place in the Bright MLS service area between 2020 and 2023.

*The Bright MLS service area includes counties in New Jersey, Pennsylvania, Delaware, Maryland, West Virginia, Virginia, and the District of Columbia.*

The MLS is the centralized database where property listings are entered by sellers' agents. When a home is listed on the MLS:

- All homebuyers have access to all available listings
- Data are made available to public, online real estate portals
- Property data are consistent and accurate

## THE RESEARCH

# Data and Methodology

### Data available in the MLS:

Property characteristics

Neighborhood

Offer of buyer agent compensation\*

\*MLSs do not collect or have access to data on seller agent compensation or on the actual amount of compensation received by a buyer's agent, as these are both negotiated during the homebuying process.

### Methodology:

Correlation analysis

Multivariate analysis

Reviewed by external economist



## FACT #1

# Agents do not “steer” buyers to homes with higher buyer agent commissions

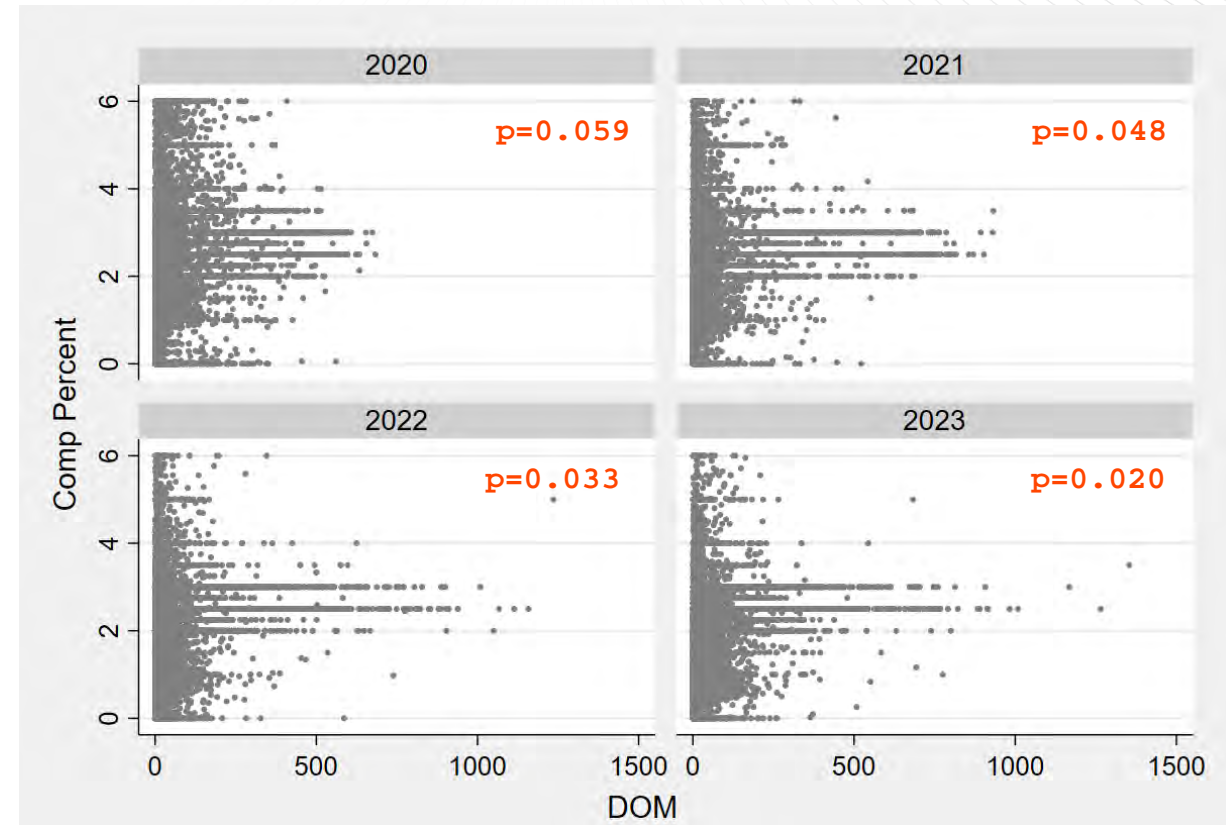
- Analysis of four years of home sales transactions shows no such relationship between sales activity and commissions.
- Furthermore, logic suggests that since buyers can see homes available for sale online, it would be very difficult for buyers’ agents to keep their buyers from touring a home.



**FACT #1:** Agents do not “steer” buyers to homes with higher buyer agent commissions

## Correlation Between Compensation Percent and Days on Market

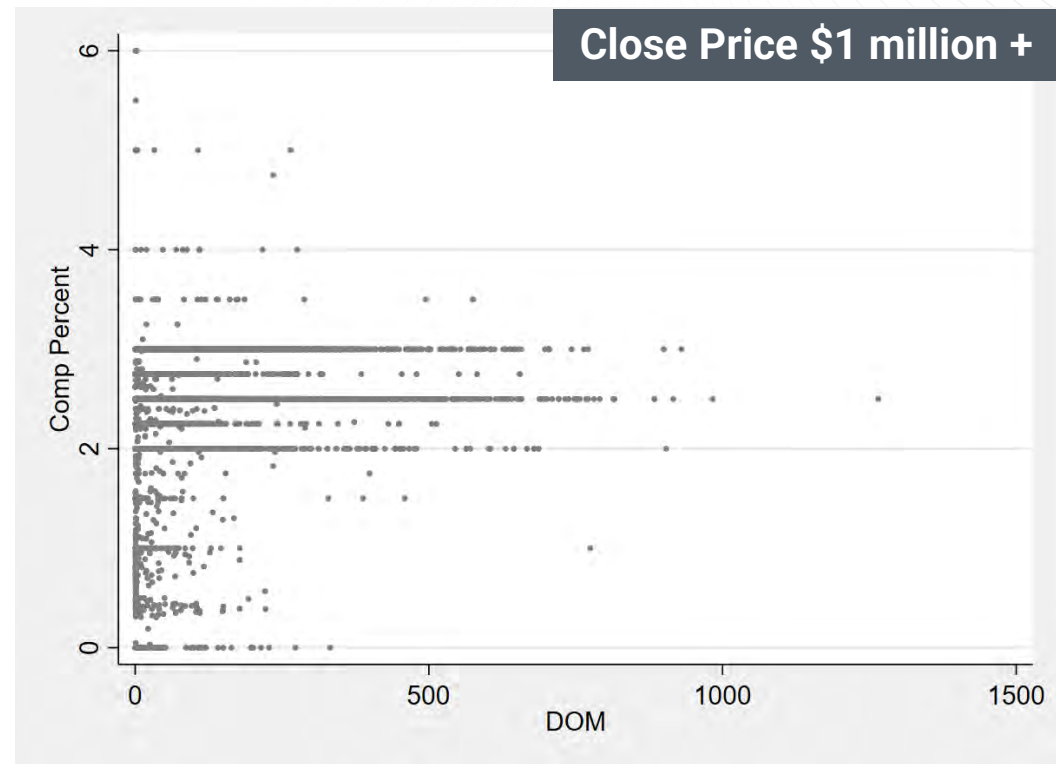
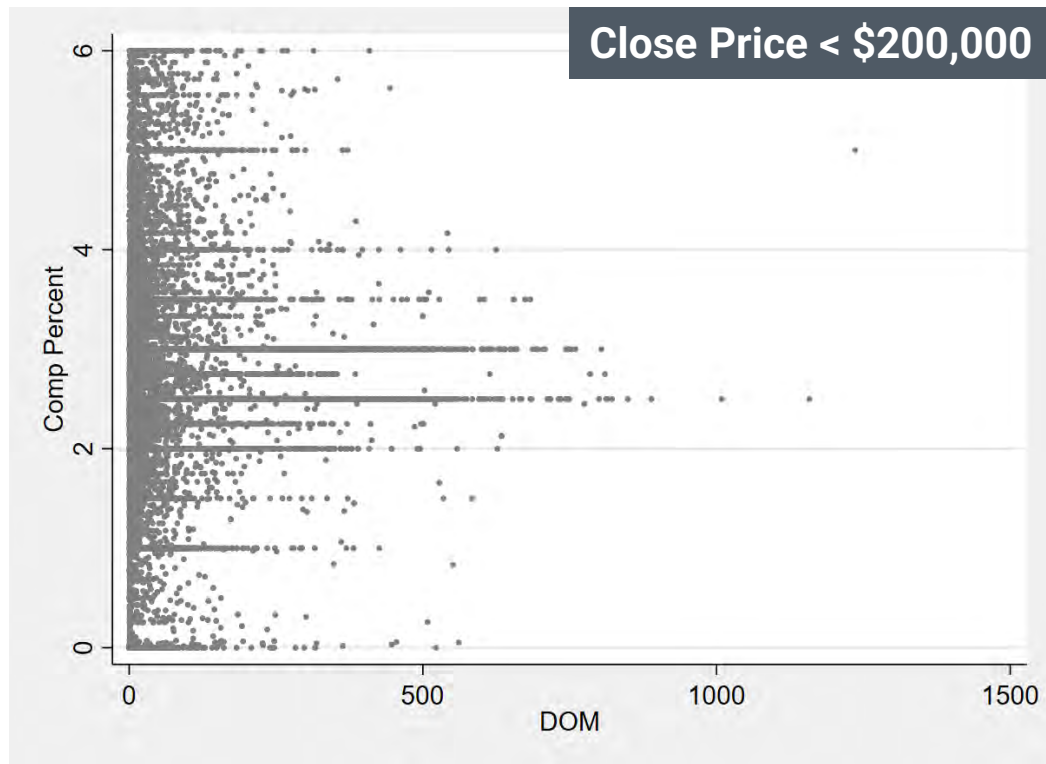
- If agents were “steering” buyers to homes with higher buyer agent commissions, then we would see homes with lower commissions take longer to sell and homes with higher commissions sell more quickly. This would mean a negative relationship between compensation and days on market.
- Instead, we see a weak, positive relationship between compensation percent and days on market.



**FACT #1:** Agents do not “steer” buyers to homes with higher buyer agent commissions

## Correlation Between Compensation Percent and Days on Market

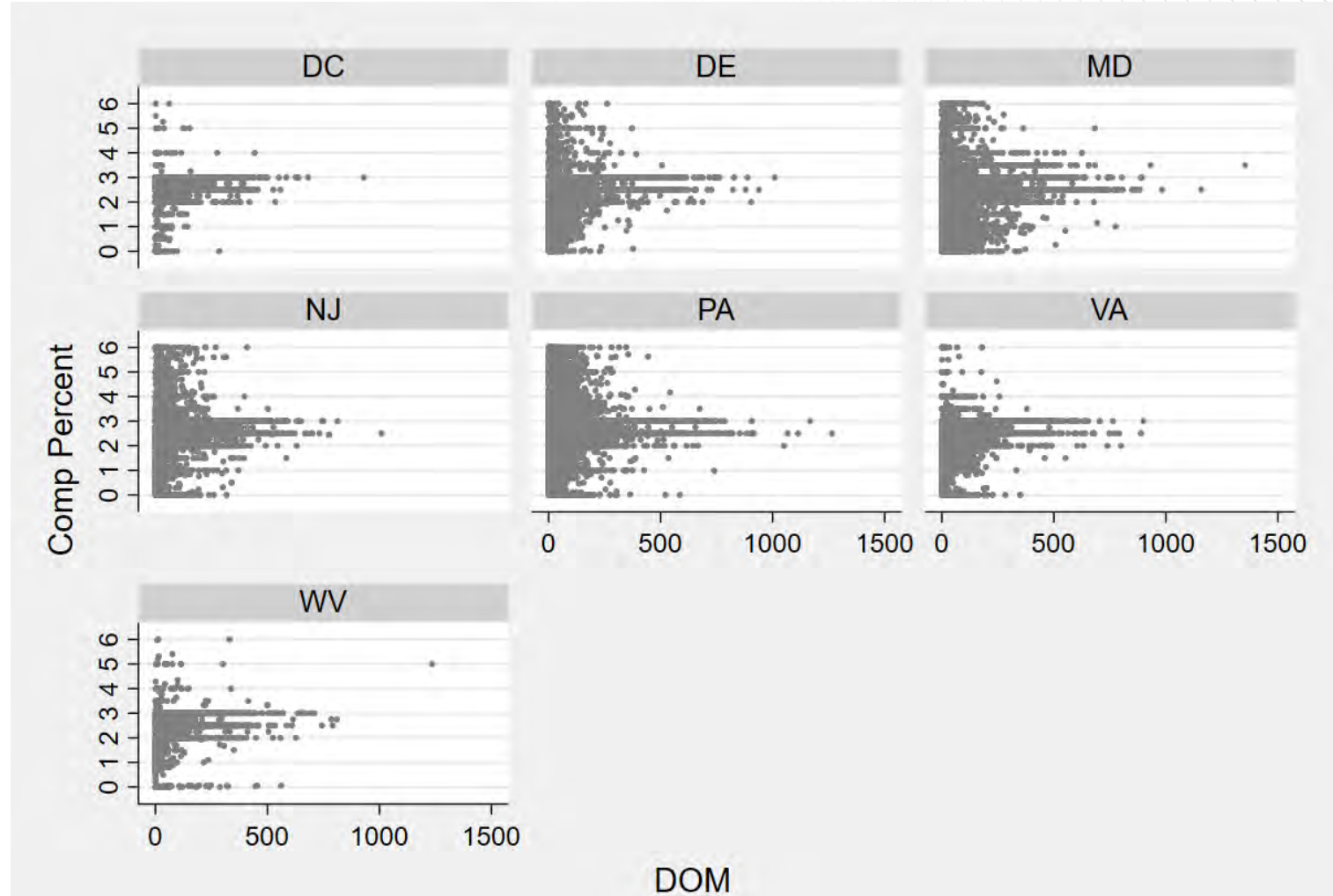
We find a weak, positive relationship between commission rate and days on market across price points.



**FACT #1:** Agents do not “steer” buyers to homes with higher buyer agent commissions

## Correlation Between Compensation Percent and Days on Market

We find a weak, positive relationship between commission rate and days on market across states.

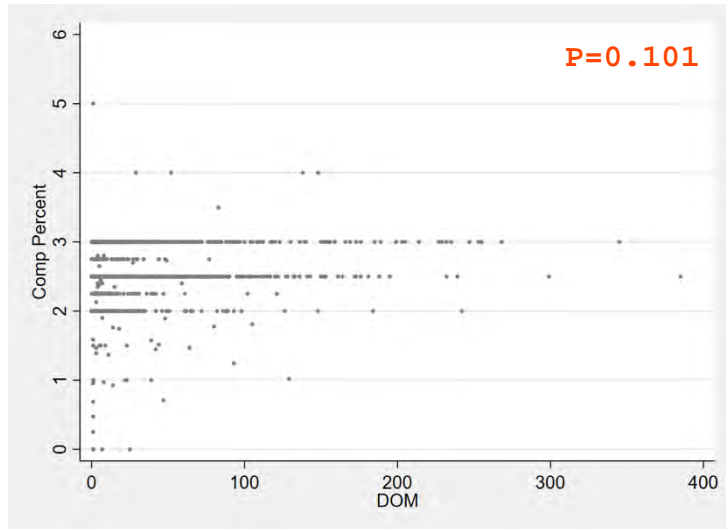


**FACT #1:** Agents do not “steer” buyers to homes with higher buyer agent commissions

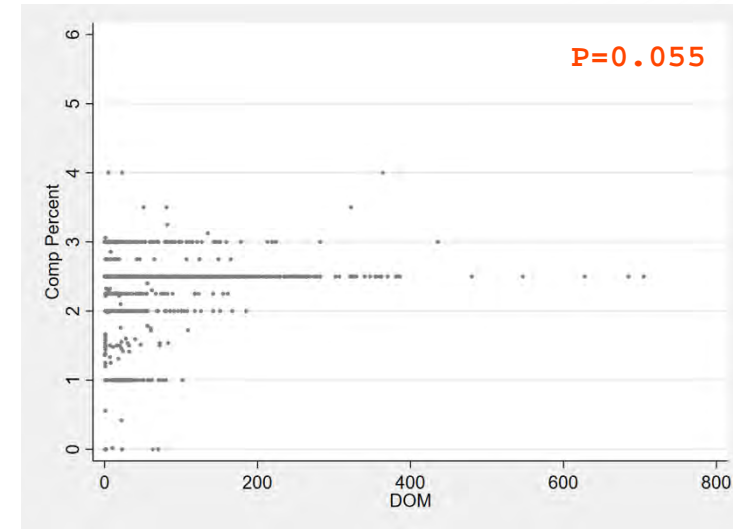
# Correlation Between Compensation Percent and Days on Market

There is a weak and inconsistent relationship between compensation percent and days on market at the zip code level.

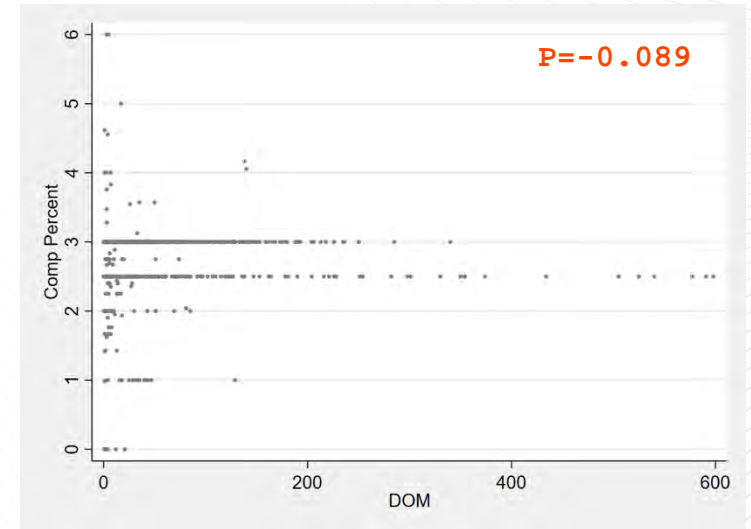
Zip code 22554 : Stafford, VA



Zip code 21224 : Baltimore, MD



Zip code 17603 : Lancaster, PA



**FACT #1:** Agents do not “steer” buyers to homes with higher buyer agent commissions

# Multivariate Analysis – What Explains Days on Market?

A multivariate analysis can account for other factors that influence how long a property takes to sell.

What makes homes take longer to sell?

- Price
- Age of the home
- Size of the home
- Location of the home
- Not the offer of buyer compensation

```
areg daysonmarket comm_pct originallistprice listyear age agesq
feesimple bedroomstotal livingarea, absorb(postalcode) robust
```

Linear regression, absorbing indicators  
Absorbed variable: **postalcode**

Number of obs = 1,059,333  
No. of categories = 1,630  
F( 8,1057695) = 3771.34  
Prob > F = 0.0000  
R-squared = 0.1093  
Adj R-squared = 0.1079  
Root MSE = 44.0233

daysonmarket	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]	
comm_pct	1.589256	.1288045	12.34	0.000	1.336803	1.841708
originallistprice	6.13e-07	2.88e-07	2.13	0.033	4.94e-08	1.18e-06
listyear	-8.460171	.0511744	-165.32	0.000	-8.560471	-8.359871
age	.0015337	.0004493	3.41	0.001	.000653	.0024144
agesq	6.72e-07	1.42e-07	4.73	0.000	3.94e-07	9.50e-07
feesimple	-7.899328	.1686669	-46.83	0.000	-8.22991	-7.568747
bedroomstotal	1.953954	.2549422	7.66	0.000	1.454276	2.453632
livingarea	.0010175	.0003785	2.69	0.007	.0002757	.0017593
_cons	17119.73	103.4615	165.47	0.000	16916.95	17322.52

Compensation variable sign is positive. As the compensation increases by 1 percentage point, the average days on market increases by 1.6 days.

## FACT #2

# Commissions are not driving up home prices

- Analysis of four years of home sales transactions shows that list prices are driven by a variety of factors, but buyer agent compensation does not lead to higher home prices.
- Characteristics of the property (i.e. number of bedrooms, age of the home, whether it is a condo or fee simple property) and mortgage rates are the most significant determinants of list price.

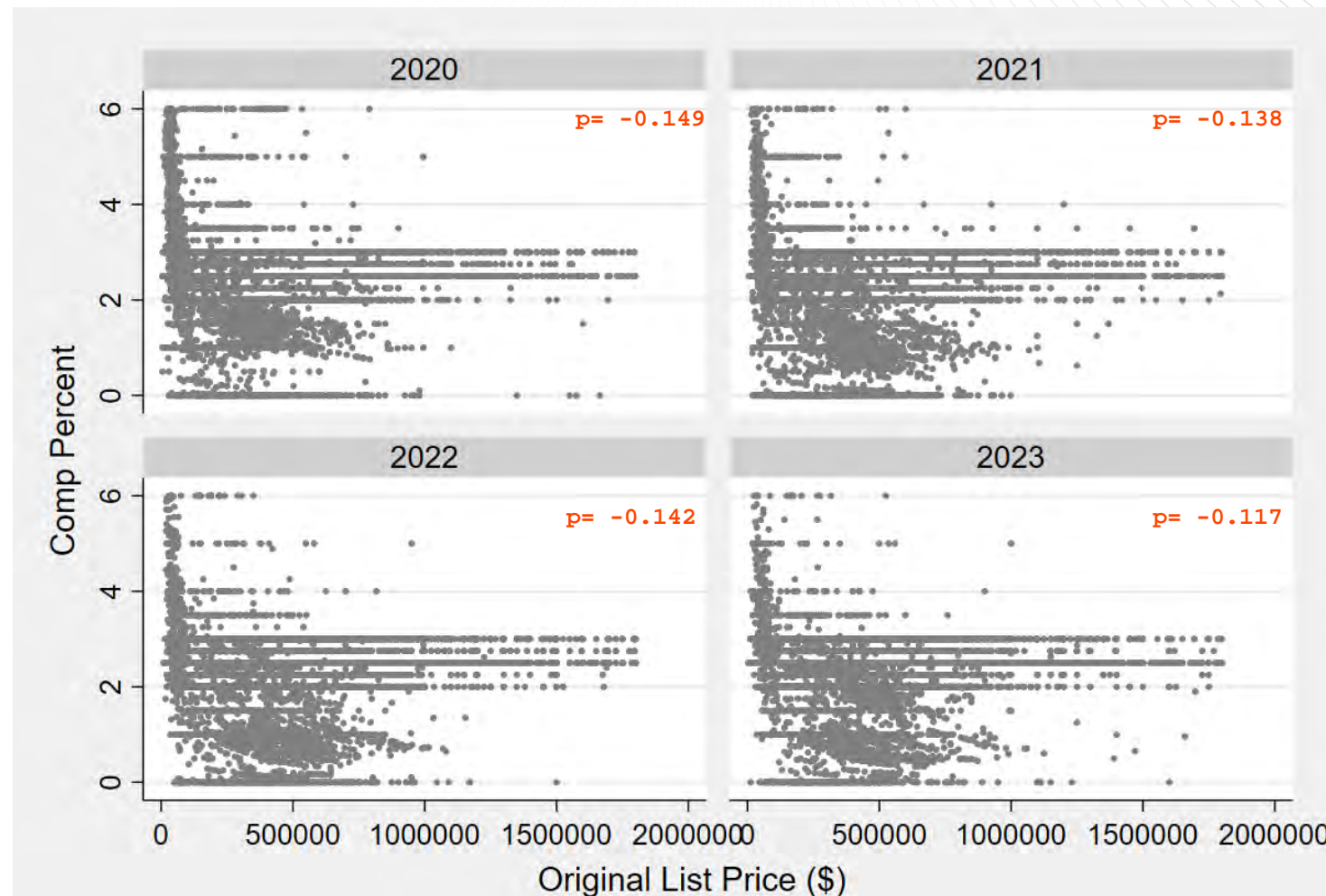


**FACT #2:** Commissions are not driving up home prices

## Correlation Between Compensation Percent and List Prices

If higher commissions led to higher prices, we would expect there to be a positive correlation between compensation percent and list prices. The charts below show scatterplots for **three-bedroom, fee-simple homes** that sold between 2020 and 2023.

As you can see, the correlation between compensation percent and list price is negative, indicating that higher commissions are associated with lower list prices.



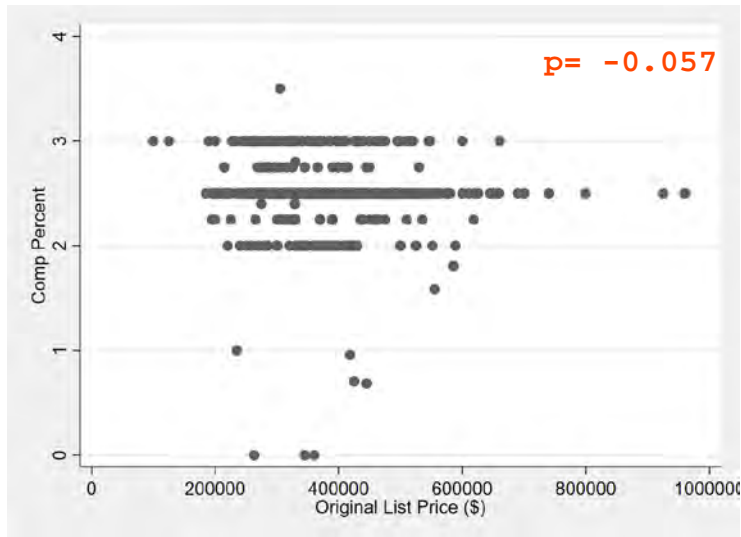


**FACT #2:** Commissions are not driving up home prices

## Correlation Between Compensation Percent and List Prices

There is a weak association between commission percent and list prices of three-bedroom, fee-simple homes sold between 2020 and 2023 in three zip codes, though the direction of the relationship is not consistent across zips.

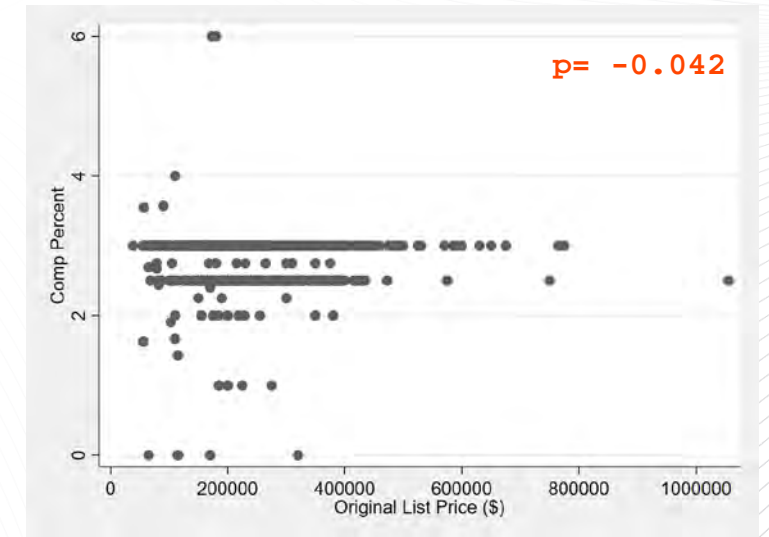
Zip code 22554 : Stafford, VA



Zip code 21224 : Baltimore, MD



Zip code 17603 : Lancaster, PA



**FACT #2:** Commissions are not driving up home prices

# Multivariate Analysis – What Explains List Price?

Based on the multivariate analysis of original list price, higher compensation percents lead to lower list prices, holding other factors constant. The most important factors explaining list price are characteristics of the home and mortgage rates.

Compensation variable sign is negative. As the compensation increases by 1 percentage point, a home's list price decreased by \$21,523.

```
areg originallistprice comm_pct listyear age agesq feesimple
bedroomstotal livingarea inventory mort_rate, absorb(postalcode) robust
```

Linear regression, absorbing indicators  
Absorbed variable: **postalcode**

Number of obs = 1,000,525  
No. of categories = 1,620  
F( 8, 998897) = 35738.73  
Prob > F = 0.0000  
R-squared = 0.6877  
Adj R-squared = 0.6872  
Root MSE = 1.472e+05

originallis~e	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]	
comm_pct	-21523.45	986.3358	-21.82	0.000	-23456.63	-19590.26
listyear	31091.81	332.6492	93.47	0.000	30439.82	31743.79
age	-20.22475	4.83467	-4.18	0.000	-29.70054	-10.74896
agesq	.001378	.0006146	2.24	0.025	.0001734	.0025826
feesimple	100431.4	1980.686	50.71	0.000	96549.29	104313.4
bedroomstotal	88014.46	8021.531	10.97	0.000	72292.53	103736.4
livingarea	29.94023	13.14738	2.28	0.023	4.171801	55.70866
mort_rate	-2184.986	181.0916	-12.07	0.000	-2539.919	-1830.052
_cons	-6.28e+07	672480.1	-93.39	0.000	-6.41e+07	-6.15e+07

Note: Excluded top 1% original list prices

### FACT #3

## Listing a home on the MLS creates an open and fair housing marketplace.

- When brokerages hold listings to sell as “office exclusives,” they are keeping information about available homes for sale from a lot of prospective buyers.
- There is evidence that the practice of holding listings off the MLS and marketing them within a single brokerage reinforces residential segregation patterns and creates an unfair housing marketplace.



**FACT #3:** Listing a home on the MLS creates an open and fair housing marketplace

## Research has shown how the practice of using private networks to market homes negatively impacts minority homebuyers

- A 2018 study of the real estate market in Houston found that listings marketed off the MLS in the form of a pocket listing results in discrimination in the housing market:
  - Minority homebuyers are much less likely to get information about homes available for sale.
  - Pocket listings are most likely to circulate information about pocket listings to predominantly white networks.
  - The result is that the practice of pocket listings increases housing inequalities and raises fair housing concerns.

*Korver-Glenn, Elizabeth. 2018. Brokering Ties and Inequality: How White Real Estate Agents Recreate Advantage and Exclusion in Urban Housing Markets. Social Currents 5(4): 350-368.*

**FACT #3:** Listing a home on the MLS creates an open and fair housing marketplace

## Summary of Neighborhood Characteristics

OE Listings vs. Non-OE Listings: Bright MLS Service Area

### Comparing Neighborhoods

In an analysis of closed sales in the Bright MLS service area between 2020 and July 2023, we found that office exclusive listings were more likely than non-OE listings to be in neighborhoods with higher shares of white residents.

OE listings were also more common in higher-income neighborhoods.

#### Neighborhood Percent White

State	OE	Non-OE	Diff (OE-non OE)*
Overall	61.7%	59.0%	2.7%
DC	40.5%	36.9%	3.6%
DE	73.2%	63.5%	9.7%
MD	57.8%	53.4%	4.4%
NJ	66.7%	63.6%	3.1%
PA	70.0%	69.6%	0.4%
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\*Statistically different at the 1% level

#### Neighborhood Median Household Income

State	OE	Non-OE	Diff (OE-non OE)*
Overall	\$114,504	\$98,609	\$15,895
DC	\$119,527	\$105,674	\$13,853
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MD	\$126,198	\$100,153	\$26,045
NJ	\$96,789	\$93,007	\$3,782
PA	\$95,691	\$84,093	\$11,598
VA	\$141,809	\$127,867	\$13,942

**FACT #3:** Listing a home on the MLS creates an open and fair housing marketplace

## Sales are quicker on the MLS

Results from our 2022 study of on- and off-MLS sales found that office exclusives take longer to sell than listings originally marketed on the MLS

<b>Total Office Exclusives:</b>	<b>5,599</b>	<b>100.0%</b>
Eventually listed and sold on the MLS	3,525	63.0%
Sold off-MLS	703	12.6%
Not sold (as of March 31, 2022)	1,371	24.4%

### Days to Contract (Median)

On-MLS sales	7 days
Office exclusives that ultimately sell on-MLS	24 days
Excess time to seller with office exclusive	18 days

### Median Sales Prices

Office exclusives sold on the MLS	\$550,000
Office exclusives sold off-MLS	\$450,000
On-MLS premium	22.2%

## FACT #4

# Homebuyers highly value a knowledgeable, professional buyer's agent.

- Recent consumer research conducted by Bright MLS found that people believe it is important that homebuyers have their own representation during the transaction.
- Consumers believe that the real estate agent should be compensated fairly. By and large, fees should not go to online portals or other advertising sites.

*Source: Bright MLS focus group of 110 recent homebuyers and renters, December 2023*



# Value of a buyer's agent research

- The industry needs more information about what consumers understand about the homebuying process and what they need from an agent.
- While there have been other surveys on opinions about and experiences working with agents, much of the prior research has been very high level, without the in-depth insights needed to truly understand what consumers value.
- Bright MLS conducted this research to develop a set of resources brokers and agents can use to communicate their value to homebuyers.





# Virtual consumer discussion

**Goal:** Collect in-depth information on consumers' experiences and attitudes about real estate agents and brokers

**When:** December 2023

**Participants:** 85 recent homebuyers, 15 renters

**Mode:** Hour-long, virtual guided discussion

## Key Takeaway

*Consumers think it is important that homebuyers have their own representation during the transaction.*

*But agents don't necessarily do a good job explaining their value.*

**FACT #4:** Homebuyers highly value a knowledgeable, professional buyer's agent

## Consumers think it is important for buyers to have representation

Which of the following statements do you agree with most?

When you buy a home, you should definitely have someone who represents your interests during the whole process.

76%

Buying a home is something you can do mostly on your own, perhaps with a lawyer to help with the paperwork.

24%

### Quotes from participants

*"It's important to have professional help so you don't make a huge financial mistake."*

*"Because the process can have its challenges, I'd rather have someone with experience helping me."*

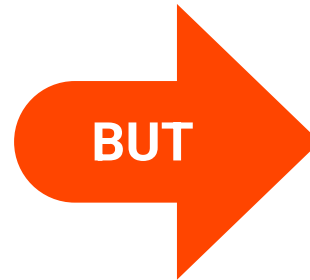
Source: Bright MLS focus group of 110 recent homebuyers and renters, December 2023

**FACT #4:** Homebuyers highly value a knowledgeable, professional buyer's agent

## Consumers do not think portals are a replacement for representation

### According to participants...

Online real estate portals have significantly improved the homebuying process by making it easier to access information, compare homes, find homes with specific characteristics, request home viewings, see virtual house tours, narrow down choices, and search from long distances.



- Consumers feel overwhelmed by the amount of information available online.
- Most agree that while you can view homes online, it's still important to work with an agent.
- Human interaction during the homebuying process is extremely valuable.
- An agent has knowledge and expertise that is not available through an online portal.

*Source: Bright MLS focus group of 110 recent homebuyers and renters, December 2023*

## THE RESEARCH

# Summary

### FACT #1

Agents do not “steer” buyers to homes with higher buyer agent commissions

### FACT #2

Commissions are not driving up home prices

### FACT #3

Listing a home on the MLS creates an open and fair housing marketplace.

### FACT #4

Homebuyers highly value a knowledgeable, professional buyer’s agent.

# Fact or Fiction?

## Dispelling Myths About Real Estate Commissions and the MLS



There is a lot of misinformation swirling around about the residential real estate industry, real estate agent compensation, and multiple listing services. Our research uses actual data from home sales transactions and survey data from recent homebuyers and renters to provide context about how the housing market works.

### MYTH #1

Agents “steer” buyers to homes with higher buyer agent commissions.

### FACT #1

There is no correlation between buyer’s agent compensation and length of time to sell a home, contrary to some comments being made by the media and prosecutors.

### MYTH #2

Commissions drive up home prices.

### FACT #2

Agent commissions have not been driving up home prices; rather, property and neighborhood characteristics and mortgage rates have fueled home price appreciation.

### MYTH #3

Listing a home on the MLS creates an unfair housing marketplace.

### FACT #3

Listing a home on the MLS provides tremendous value both to buyers and to sellers. When homes are listed on the MLS, all homebuyers have an opportunity to see all homes available for sale. Sellers get more “eyes” on their property, which brings them the best offer.

### MYTH #4

Homebuyers don’t value a knowledgeable, professional buyer’s agent.

### FACT #4

When recent homebuyers are asked about real estate agents, there is widespread consensus that it is important for a homebuyer to have their own representation during the complex and sometimes stressful homebuying experience.



**FHA INFO 2024-12**

**March 28, 2024**

## **Frequently Asked Question on Seller-Paid Commissions Related to the National Association of REALTORS® Settlement**

Today, the Federal Housing Administration (FHA) published Frequently Asked Questions (FAQs) that address inquiries received from stakeholders regarding payment of real estate agent commissions related to the recently announced nationwide settlement agreement proposed by the National Association of REALTORS®.

Since its announcement, FHA has received questions from its stakeholders regarding how the proposed settlement agreement will affect the treatment of seller-paid buyer real estate broker fees in transactions using FHA-insured mortgage financing.

Under existing FHA policy, if sellers continue to pay buyer-side real estate agent commissions and fees as a manner of state and local law or custom, and if the commissions and fees are reasonable in amount, existing policy would not treat those payments as interested party contributions provided all other requirements are met.

FHA will continue to monitor the real estate marketplace for changes resulting from the settlement for potential impacts to its policies and will address additional questions as they develop.

Contact the FHA Resource Center as referenced below with additional questions.

### **Need Support? Contact the FHA Resource Center.**

- Visit our knowledge base to obtain answers to frequently asked questions 24/7 at [www.hud.gov/answers](http://www.hud.gov/answers).
- E-mail [answers@hud.gov](mailto:answers@hud.gov). Emails and phone messages will be responded to during normal hours of operation, 8:00 AM to 8:00 PM (Eastern), Monday through Friday on all non-Federal holidays.
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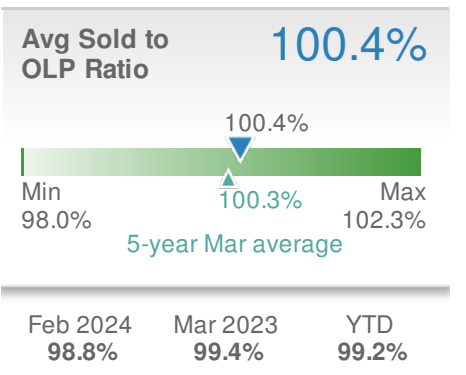
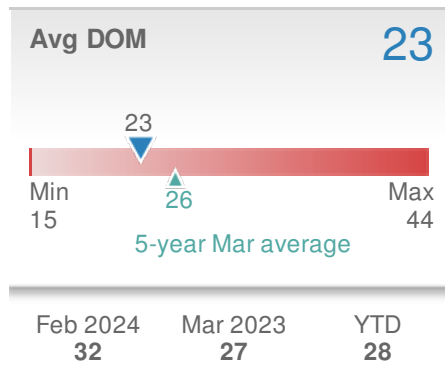
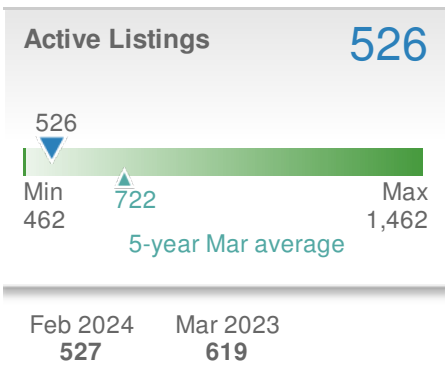
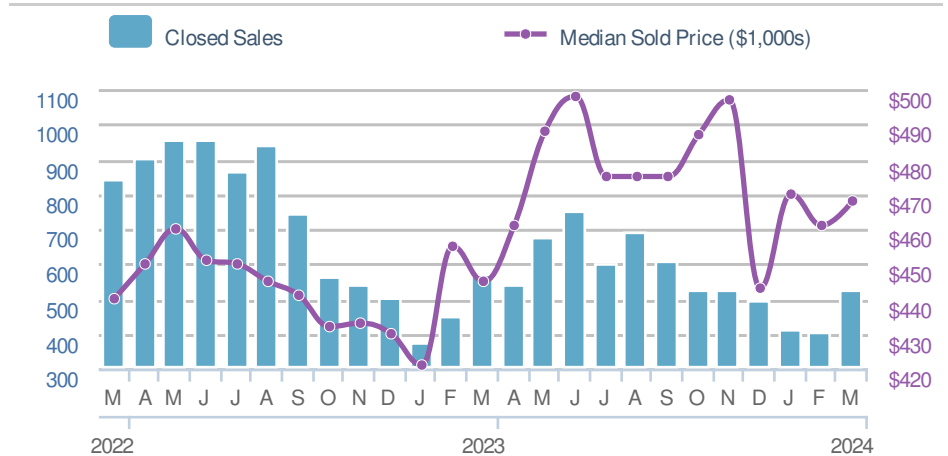
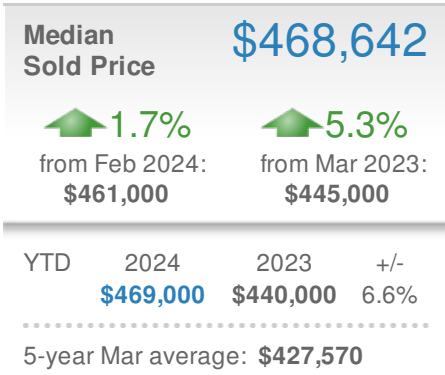
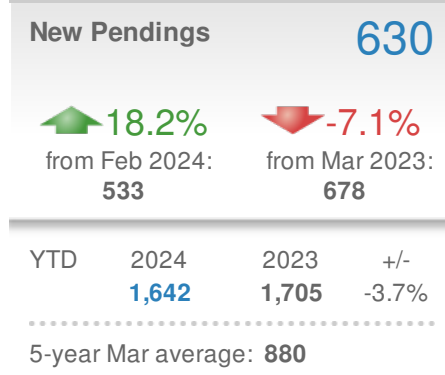
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## March 2024

### Anne Arundel County, MD





## March 2024

### Anne Arundel County, MD

#### Sold Summary

	Mar 2024	Mar 2023	% Change
Sold Dollar Volume	\$292,094,118	\$308,464,895	-5.31%
Avg Sold Price	\$561,487	\$539,270	4.12%
Median Sold Price	\$468,642	\$445,000	5.31%
Units Sold	522	571	-8.58%
Avg Days on Market	23	27	-14.81%
Avg List Price for Solds	\$559,567	\$540,218	3.58%
Avg SP to OLP Ratio	100.4%	99.4%	1.00%
Ratio of Avg SP to Avg OLP	99.4%	98.0%	1.46%
Attached Avg Sold Price	\$448,494	\$414,923	8.09%
Detached Avg Sold Price	\$643,155	\$610,521	5.35%
Attached Units Sold	219	208	5.29%
Detached Units Sold	303	363	-16.53%

Notes:

- SP = Sold Price
- OLP = Original List Price
- LP = List Price (at time of sale)
- Garage/Parking Spaces are not included in Detached/Attached section totals.

#### Inventory

	Mar 2024	Mar 2023	% Change
Active Listings	526	619	-15.02%
New Listings	542	697	-22.24%
New Under Contracts	0	0	0%
New Contingents	0	0	0%
New Pendings	630	678	-7.08%
All Pendings	852	834	2.16%

#### Financing (Sold)

Assumption	1
Cash	91
Conventional	272
FHA	63
Other	6
Owner	0
VA	85

#### Days on Market (Sold)

0	15
1 to 10	288
11 to 20	56
21 to 30	36
31 to 60	38
61 to 90	26
91 to 120	18
121 to 180	21
181 to 360	15
361 to 720	2
721+	7

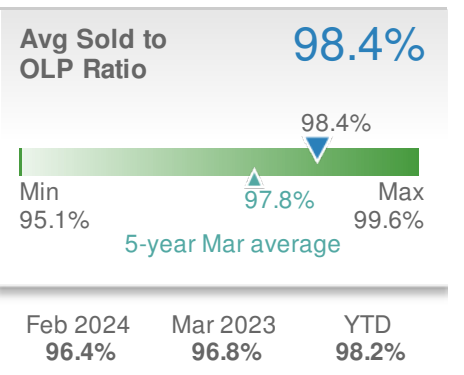
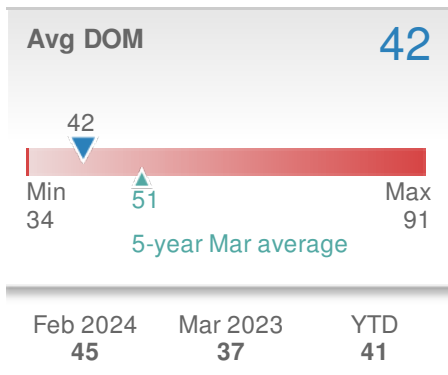
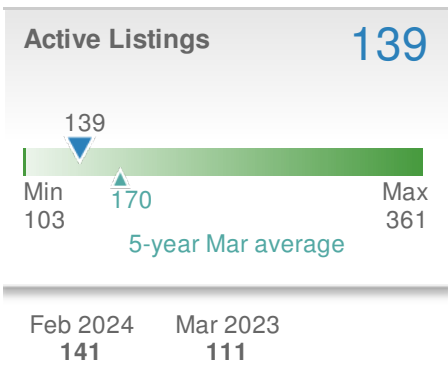
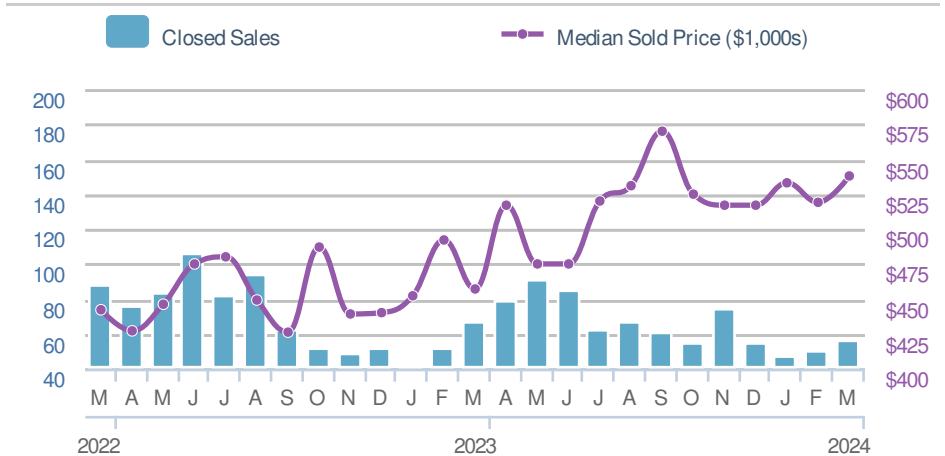
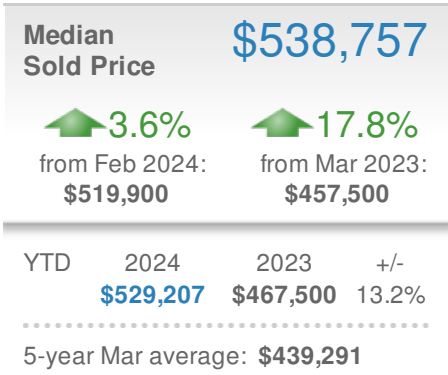
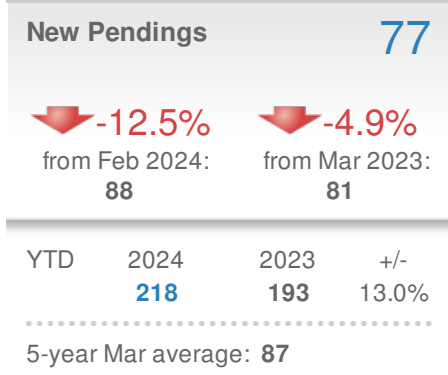
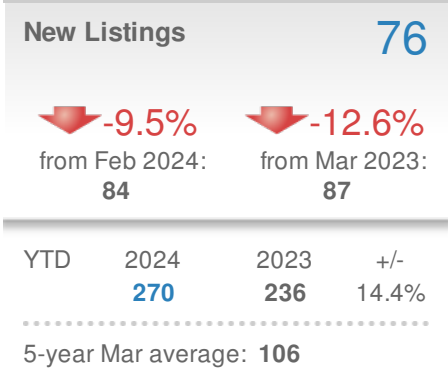
#### Sold Detail

Price Ranges	Residential						Condo/Coop	Active Listings		
	2 or Less BR		3 BR		4 or More BR		All	Residential		Condo/Coop
	Detached	Attached/TH	Detached	Attached/TH	Detached	Attached/TH	Attached	Detached	Attached/TH	Attached
< \$50,000	0	0	0	0	0	0	0	1	0	0
\$50K to \$99,999	0	0	0	0	0	0	0	3	1	2
\$100K to \$149,999	0	0	1	0	0	0	0	7	0	0
\$150K to \$199,999	1	0	0	3	0	0	4	3	1	1
\$200K to \$299,999	4	1	6	5	2	1	25	14	7	18
\$300K to \$399,999	7	5	33	19	13	4	27	39	19	21
\$400K to \$499,999	1	5	36	39	31	3	16	50	35	5
\$500K to \$599,999	2	1	14	28	24	4	5	42	27	1
\$600K to \$799,999	1	4	14	9	50	3	2	74	16	9
\$800K to \$999,999	0	0	5	0	24	0	3	45	2	1
\$1M to \$2,499,999	1	0	3	0	29	0	2	49	3	3
\$2.5M to \$4,999,999	0	1	0	0	1	0	0	22	1	1
\$5,000,000+	0	0	0	0	0	0	0	3	0	0
<b>Total</b>	<b>17</b>	<b>17</b>	<b>112</b>	<b>103</b>	<b>174</b>	<b>15</b>	<b>84</b>	<b>352</b>	<b>112</b>	<b>62</b>
Avg Sold Price	\$416,544	\$671,189	\$486,390	\$454,506	\$766,201	\$475,233	\$391,279			
Prev Year - Avg Sold Price	\$364,857	\$413,160	\$463,657	\$434,401	\$725,079	\$453,908	\$377,621			
Avg Sold % Change	14.17%	62.45%	4.90%	4.63%	5.67%	4.70%	3.62%			
Prev Year - # of Solds	24	28	126	103	213	12	65			

#### Active Detail

## March 2024

### Queen Annes County, MD



March 2024

Queen Annes County, MD

Sold Summary

	Mar 2024	Mar 2023	% Change
Sold Dollar Volume	\$34,364,699	\$36,248,370	-5.20%
Avg Sold Price	\$608,076	\$538,905	12.84%
Median Sold Price	\$538,757	\$457,500	17.76%
Units Sold	56	67	-16.42%
Avg Days on Market	42	37	13.51%
Avg List Price for Solds	\$613,655	\$551,093	11.35%
Avg SP to OLP Ratio	98.4%	96.8%	1.69%
Ratio of Avg SP to Avg OLP	97.4%	96.6%	0.82%
Attached Avg Sold Price	\$431,307	\$446,298	-3.36%
Detached Avg Sold Price	\$641,925	\$563,367	13.94%
Attached Units Sold	9	14	-35.71%
Detached Units Sold	47	53	-11.32%

Notes:

- SP = Sold Price
- OLP = Original List Price
- LP = List Price (at time of sale)
- Garage/Parking Spaces are not included in Detached/Attached section totals.

Inventory

	Mar 2024	Mar 2023	% Change
Active Listings	139	111	25.23%
New Listings	76	87	-12.64%
New Under Contracts	0	0	0%
New Contingents	0	0	0%
New Pendings	77	81	-4.94%
All Pendings	141	123	14.63%

Financing (Sold)

Assumption	2
Cash	14
Conventional	33
FHA	4
Other	0
Owner	0
VA	3

Days on Market (Sold)

0	3
1 to 10	24
11 to 20	4
21 to 30	3
31 to 60	6
61 to 90	4
91 to 120	5
121 to 180	6
181 to 360	1
361 to 720	0
721+	0

Sold Detail

Price Ranges	Residential						Condo/Coop	Active Listings		
	2 or Less BR		3 BR		4 or More BR		All	Residential		Condo/Coop
	Detached	Attached/TH	Detached	Attached/TH	Detached	Attached/TH	Attached	Detached	Attached/TH	Attached
< \$50,000	0	0	0	0	0	0	0	0	0	0
\$50K to \$99,999	0	0	0	0	0	0	0	1	0	1
\$100K to \$149,999	0	0	1	0	0	0	0	0	0	0
\$150K to \$199,999	0	0	1	0	0	0	0	1	0	0
\$200K to \$299,999	0	0	1	0	1	0	3	2	0	0
\$300K to \$399,999	0	0	2	0	0	0	2	3	2	5
\$400K to \$499,999	0	0	10	0	4	0	0	23	0	1
\$500K to \$599,999	0	0	1	0	8	1	2	25	1	4
\$600K to \$799,999	0	0	1	0	7	0	1	33	0	5
\$800K to \$999,999	0	0	2	0	2	0	0	12	0	4
\$1M to \$2,499,999	0	0	2	0	4	0	0	8	0	4
\$2.5M to \$4,999,999	0	0	0	0	0	0	0	4	0	0
\$5,000,000+	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	0	0	21	0	26	1	8	112	3	24
Avg Sold Price	\$0	\$0	\$518,966	\$0	\$741,238	\$520,507	\$420,157			
Prev Year - Avg Sold Price	\$213,000	\$440,000	\$438,433	\$510,000	\$739,363	\$0	\$441,515			
Avg Sold % Change	0.00%	0.00%	18.37%	0.00%	0.25%	0.00%	-4.84%			
Prev Year - # of Solds	4	1	24	1	25	0	12			

Active Detail