

NAR SETTLEMENT FACT SHEET

(Last Updated August 9, 2024)

On March 15, 2024, the National Association of REALTORS® (NAR) entered into a nation-wide settlement covering the commissions lawsuits brought by sellers in many states across the country. This settlement includes the state and local associations and REALTOR®-owned MLSs, such as the Houston Association of REALTORS® (HAR). Below is information about how HAR members/subscribers, home buyers and sellers will be impacted by the settlement. Note that the settlement must still be approved by the court, which is not expected to happen until late November.

THE SETTLEMENT

- NAR agreed to pay \$418 million in damages to settle the lawsuits brought by home sellers and to repeal the commission-sharing policy.
- As a result of the settlement, the HAR MLS is required to implement some rule changes by August 17, 2024.

HAR'S CONNECTION TO NAR

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

HAR MULTIPLE LISTING SERVICE

- The HAR Multiple Listing Service (MLS) gives agents the ability to access current infor-

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

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

SETTLEMENT IMPLICATIONS FOR AGENTS/BROKERS

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

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SETTLEMENT IMPLICATIONS FOR HOME BUYERS AND SELLERS

- This settlement would preserve the choices consumers have regarding real estate services and compensation.
- **Written Buyer Agreements Required:** Beginning August 17, buyers must sign a written agreement, such as a Residential Buyer's Representation Agreement, before a real estate professional can show them a property, in person or virtually. By clarifying the agent's role and responsibilities, the agreements will give buyers a better understanding of the expertise, services and value that agents provide. The agreement will also address agent compensation.
- **Compensation Discussions Directly with Agent:** Listing brokers and sellers may continue to offer compensation for buyer broker services, but the settlement does not allow such offers to be communicated via the MLS. As a result, HAR will remove all compensation fields from the MLS on August 16. Buyers will need to discuss compensation directly with their chosen agent.
- **Seller Contribution Options:** To help facilitate a transaction, some sellers might want to contribute toward buyer expenses, such as closing costs. There is a new field on the MLS about seller contributions to buyers.

IMPLEMENTATION OF POLICY CHANGES

- The HAR MLS is a wholly REALTOR®-owned MLS and is therefore covered under the proposed settlement agreement. As a REALTOR®-owned MLS, HAR is required to comply with the rules that NAR establishes, which would include any changes in the proposed settlement.
- On August 16, all compensation fields will be removed from the HAR MLS. Any offer of compensation must be communicated outside of the MLS.

WHAT'S NEXT

- The settlement was preliminarily approved by the judge on April 23, but final approval by the court is not expected until late 2024.

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

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



ABOUT THE HOUSTON ASSOCIATION OF REALTORS®

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