




KELLI R CORP

NAR SETTLEMENT CHANGES FOR BUYERS

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WHAT IS THE SETTLEMENT?

THE PAST: For decades, the National Association of Realtors (NAR) required home sale listing brokers to provide an offer of compensation to a buyer's agent up front. In the past, a realtor's compensation (cooperative payment) was listed in the MLS so they knew what their commissions would be upfront. However, compensations were never set and were always negotiable.

CO-OP Compensation: **2.80%**

THE FUTURE: Starting August 17th, compensation amounts are no longer allowed to be listed on the MLS in the form of a cooperative payment.

~~CO-OP Compensation:~~ **2.80%**

AGENCY CHANGES



NAR SETTLEMENT AND INDUSTRY CHANGES

The recent National Association of Realtors (NAR) settlement will impact buyers on August 17th, 2024 in 2 ways:

1. A buyer must sign a Buyer's Agency Agreement with their realtor before viewing even **one** home. The agreement will detail the nature of the buyer-broker relationship, the buyers rights and responsibilities, the realtors obligations and responsibilities, and the realtor's compensation.
2. The buyer will be responsible for compensating their agent for representation either as a separate fee **or** the buyer can elect to negotiate the buyer's agent's compensation to be **paid for by the seller** in the contract.

*If you are currently contracted with another Realtor, you will need to amend your agency agreements with them to reflect these new changes.

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OUR MISSION

As your realtors, our mission is to negotiate on your behalf and keep your out of pocket costs to a minimum.

The real estate industry has always been about negotiation. This change only adds to the negotiations required during a real estate transaction. We at Kelli R Corp pride ourselves in being excellent and unwavering negotiators in order to` best serve our clients goals*

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WHEN DO I NEED TO HAVE A BUYERS AGREEMENT SIGNED?

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AGREEMENT NEEDED

- Before you see a single home with a realtor
- This applies to both **in-person** and **live virtual home tours**

AGREEMENT NOT NEEDED

- You do not need a written agreement if you are just speaking to an agent at an open house or asking them about their services
- You decide to purchase a home without a realtor

BUYER AGENCY AGREEMENT

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WHAT STAYS THE SAME:

The Buyer's Agreement will indicate how your Realtor will be paid.. This is consistent with how the industry has operated for decades.

WHAT HAS CHANGED:

1. Realtors must now check a box that states you understand that if the seller or listing agent refuses to pay your brokers compensation, you as the buyer are obligated to compensate your broker. **The main reasons to check this box:**

a. This authorizes your realtor, along with the additional provisions at the end of the agreement, to require payment of his/her compensation from the listing brokerage firm or seller. Without checking this box, your realtor is not authorized to negotiate his/her compensation and can not assure that the seller or the listing agent will compensate him/her rather than you having to.

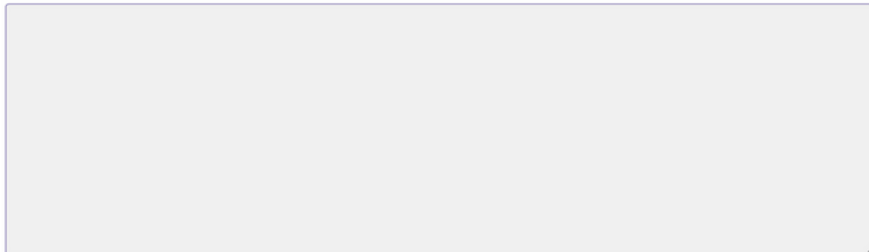


7.3. Who Will Pay Brokerage Firm's Success Fee.

☐ 7.3.1. Listing Brokerage Firm or Seller May Pay. Buyer IS Obligated to Pay. Broker is authorized and instructed to request payment of Brokerage Firm's Success Fee from the listing brokerage firm or seller. Buyer is obligated to pay any portion of Brokerage Firm's Success Fee which is not paid by the listing brokerage firm or seller.

21. **ADDITIONAL PROVISIONS.** (The following additional provisions have not been approved by the Colorado Real Estate Commission.)

 CLAUSES



We can put language in the additional provisions portion of the contract where we can clarify anything we feel necessary regarding compensation*



HOW MUST REALTOR COMPENSATION BE STATED?

Compensation must be objective (e.g., a flat fee, percent, or hourly rate)—and not open-ended (e.g., cannot be “buyer broker compensation shall be whatever the amount the seller is offering to the buyer”).

HOW WILL I KNOW IF THE SELLER IS OFFERING A BUYER’S AGENT COMPENSATION?

We will always check with the listing agent as to what, if any, compensation the Seller is offering and relay this information back to you.

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WHAT HAPPENS IF WE WRITE AN OFFER ON A PROPERTY ASKING THE SELLER TO PAY AND THEY REFUSE?

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There are a handful of options.

1. We can simply negotiate. If, to our knowledge, the sellers have not received any other offers, we can stand firm on our offer price and our demand for compensation to be paid by the seller.
2. We can negotiate with the seller to pay part of our compensation and for you to pay the remainder.
3. We have the option to increase the purchase price and have the Seller compensate Kelli R Corp as part of that increased purchase price. This essentially allows you to finance our compensation rather than pay out of pocket. We advise talking to your lender more about this.
4. If you love this property and the seller has an issue compensating Kelli R Corp, you can compensate us without the assistance of the seller.
5. The least favorable option would be to walk away from the property and go find another.



WILL WE ONLY LOOK AT PROPERTIES IN WHICH A SELLER IS OFFERING COMPENSATION SINCE I DON'T WANT TO, OR CANNOT AFFORD TO PAY YOU OUT OF POCKET.

We highly advise not to restrict your property search to only homes where a seller is offering compensation. While the Seller may not offer to compensate a buyer's agent up front, if they have not received any offers or your offer has great terms, they may eventually decide to compensate your realtor.

The seller may refuse, but it simply comes down to the negotiation of a relatively small dollar amount compared to the purchase price. We believe most sellers will offer compensation to the buyer's agent or will be willing to negotiate.

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WHY YOU SHOULD USE AN AGENT EVEN WITH THESE CHANGES?

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BEFORE GOING UNDER CONTRACT:

- We help you pick the right home, in the right neighborhood, with the right features for your long-term benefit
- We give you the most accurate information to help guide you on offer price, terms, etc.
- We help create a winning offer if there are multiple interested parties.

WHEN YOU ARE UNDER CONTRACT:




- We write the offer relative to the 220 blanks and checkboxes in the contract and navigate the nuances and legalities of all those considerations
- Manage all the dates and deadlines specified within the contract
- Read Title and HOA documents to ensure protection and proper transfer of ownership
- Know how to hire and navigate inspections including structural, electrical, roofing, sewer, mold and meth. We can find all the right contractors who are exceptional at what they do and can be available in the timeframe needed to support you in the contract.
- We then price and negotiate any challenges that might arise from those inspections and ensure the proper legal language to get the work done before closing or ensure cash at closing to cover the cost and time to get the work done yourself
- We handle any other issues that may arise before closing



QUESTIONS?

These industry changes are new and may be confusing. Kelli R Corp is here to help you navigate these changes and come out ahead. This topic will constantly evolve and change during buyer and seller markets. Our promise to you is to keep you up to date on one of the biggest financial decisions of your life! If you have any more questions, let's set up a time to chat.

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