

# NAR Settlement Simplified

The NAR settlement required practice changes that will be implemented in REALTOR® MLSs and any non-REALTOR® MLSs that opt into the NAR settlement. According to NAR, the practice changes summarized below **must take effect in REALTOR® MLSs on August 17**. These changes **may not take effect until September 16 for non- REALTOR® MLSs** that opt in. Until these dates, the way business has been done in your market is the way it continues to be done.

While the settlement is clear in what it says, please know that there are still many questions about how these changes will work in practice. MLSs are still working through how these changes will be implemented and what best practices will emerge. Many opportunists will jump to quick conclusions and provide their opinions disguised as knowledge. Be aware that this can be both legally dangerous and professionally irresponsible.

## Here is what's happened:

1. You now must use a buyer representation agreement before showing a home that includes these four things:
  1. You must disclose the amount or rate of compensation you'll get.
  2. Your compensation amount must be written into the agreement as a percentage or dollar amount and cannot be open-ended. For example, the agreement cannot say, "buyer broker compensation shall be whatever amount the seller is offering to the buyer."
  3. You cannot receive compensation for brokerage services from any source for more than the amount or rate agreed to in your buyer representation agreement.
  4. You must include a conspicuous statement that broker fees and commissions are not set by law and are fully negotiable.
2. Cooperative compensation can no longer be advertised on the MLS. Sellers can still decide to specifically offer cooperative compensation and it can be marketed any place other than the MLS, such as in a newsletter, text message, or a broker's or agent's own website. You cannot market other brokerage's cooperative compensation for their listings on your or your broker's website.
3. Sellers can still offer a concession to buyers in the MLS and that concession can be used to pay the buyer's agent should the buyer choose. The concession offer from the seller to the buyer can be noted in the public comment section of your MLS listing.
4. Agents must disclose in listing agreements, buyer representation agreements, and pre-closing disclosures that broker commissions are not set by law and are fully negotiable.