

NAR SETTLEMENT



YOU'VE PROBABLY SEEN IN THE NEWS THAT THE NATIONAL ASSOCIATION OF REALTORS (NAR) HAS REACHED A SIGNIFICANT SETTLEMENT WHICH WILL BRING CHANGES TO THE REAL ESTATE INDUSTRY. THIS IS HOW IT MAY AFFECT YOU AS BUYERS AND SELLERS IN ALABAMA:

Commission

COMMISSION RATES ARE STILL FULLY NEGOTIABLE. LISTING AGREEMENTS WILL REMAIN BETWEEN THE SELLERS AND THEIR BROKERS, WITH THE LISTING AGENTS WORKING AS AN INDEPENDENT CONTRACTORS TO FACILITATE THE TRANSACTIONS. WHEN A PROPERTY IS LISTED, THE BROKER MANAGES THE COMMISSION AND MAY OFFER TO PAY ANOTHER BROKER FOR BRINGING A BUYER – THIS IS KNOWN AS “COOPERATIVE COMPENSATION.” COOPERATIVE COMPENSATION CAN NO LONGER BE DISPLAYED IN THE MLS, BUT REMAINS AN OPTION FOR CONSUMERS WHEN BUYING OR SELLING A HOME.

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Sellers

COOPERATIVE COMPENSATION NOW REQUIRES WRITTEN PRE-APPROVAL FROM SELLERS. CONTRARY TO SOME MEDIA REPORTS, THIS DOESN'T MEAN THAT LISTING BROKERS WILL LOWER THEIR COMPENSATION. IF COOPERATIVE COMPENSATION ISN'T PRE-APPROVED BY THE SELLER, THE LISTING AGENT WILL NOT BE ABLE TO COUNT ON THE ASSISTANCE OF OTHER AGENTS AND WILL NEED TO PUT IN MORE EFFORT ON THEIR OWN TO FIND A BUYER.

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Buyers

BUYERS ARE NOW REQUIRED TO SIGN A COMPENSATION AGREEMENT BEFORE TOURING PROPERTIES AND MAY NEED TO PAY COMMISSION, IN ADDITION TO THEIR OTHER HOME-BUYING EXPENSES. IT IS CRUCIAL FOR BUYERS TO ASK THEIR AGENT ABOUT ANY POTENTIAL COMPENSATION COSTS BEFORE TOURING A PROPERTY SO THEY CAN BUDGET ACCORDINGLY. THIS ADDED EXPENSE MIGHT LEAD SOME BUYERS TO RECONSIDER A SPECIFIC PROPERTY IF IT EXCEEDS THEIR BUDGET. ADDITIONALLY, IF AN UNREPRESENTED BUYER WISHES TO TOUR A PROPERTY, THE LISTING AGENT MUST HAVE THEM SIGN AN AGREEMENT AND MAY REPRESENT BOTH THE BUYER AND SELLER. EVEN WITH THESE CHANGES, IT IS STILL POSSIBLE TO BUY A HOME WITHOUT PAYING REAL ESTATE COMMISSION.

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Veteran's Administration

BUYERS USING A VA LOAN TO PURCHASE A HOME ARE NOT NORMALLY PERMITTED TO PAY REAL ESTATE COMMISSIONS, BUT FOLLOWING AN APPEAL BY NAR TO THE VA, A TEMPORARY EXCEPTION HAS BEEN GRANTED. THIS WILL ENABLE VA BUYERS TO PAY FOR ESSENTIAL REPRESENTATION, IF NECESSARY.

CALL ME FOR MORE INFORMATION!

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