

National Association of Realtors to Eliminate 6% Sales Commissions

Article

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The National Association of Realtors (NAR), which represents more than 1 million Realtors, has agreed to eliminate its standard 6% sales commissions with home sellers. By reaching a \$418 million settlement with home sellers in antitrust suits, NAR has agreed to end claims that broker commissions cause home sellers to pay inflated fees and disincentivize competition.

Prior to the settlement, NAR required home sellers to pay a set 6% commission that was typically split evenly between the seller's and buyer's agents. This requirement was criticized as a major factor in artificially driving up housing prices.

Moving forward, NAR has agreed to implement new rules, including that sellers will no longer be required to make offers of compensation to a buyer's broker for homes listed on a multiple listing service. The rationale behind eliminating this requirement is to make home listings impartial and increase visibility to a wider range of prospective buyers.

Additionally, the new rules will require buyers' brokers to enter into separate written agreements with their buyers for payment of broker commissions, eliminating the requirement for sellers to pay such commissions.

Lastly, the new regulations should also increase market competition, since buyers will now be able to negotiate commission rates prior to entering into purchase agreements.

If you have any additional questions on the new rules regarding real estate commissions, buying or selling real estate, or other business matters, please contact **Daniel McIntosh** (daniel.mcintosh@lowndes-law.com), or **Gerardo Ortega** (gerardo.ortega@lowndes-law.com).

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