



Points for Public Explanation: Connecticut REALTORS® (CTR) and the NAR Settlement

- On March 15, 2024, the National Association of REALTORS® (NAR) announced a proposed settlement agreement that would end litigation of claims brought on behalf of home sellers related to broker commissions. The settlement received preliminary approval from the court on April 23, 2024. The hearing for final approval is scheduled for November 26, 2024. The settlement agreement covers a wide range of real estate entities and provides opportunities for others to opt-in to the agreement. The deadline for MLSs and brokerages not covered by the settlement to opt in to the agreement is June 18, 2024.
- Details of the agreement include \$418 million dollars to be paid by NAR over four years as well as changes to how offers of compensation to agents in real estate transactions are communicated to each other and the consumers in transactions.
- The settlement, if approved, removes the ability for multiple listing services (MLS) that are covered by or opt-in to the settlement agreement to display or provide information about cooperative compensation. The practice changes set forth in the settlement agreement take effect on August 17, 2024. The settlement agreement specifically includes that real estate companies would be able to post cooperative compensation related to only their own company listings on their own company websites, but not on the MLS or anywhere else that may seek to aggregate cooperative compensation. Cooperative compensation may also be communicated broker to broker on specific listings via written agreement, email, text, phone or any other non-MLS entity method.
- Connecticut law has required written buyer agency agreements and a required notice for consumers about fees being negotiable for over twenty years.
- The option for sellers to cooperate on buyer broker compensation is important to homebuyers, especially first-time buyers who have been squeezed by higher mortgage rates, inflation, and rising home prices – an additional out-of-pocket cost could push them out of the market altogether. In addition, cooperative compensation is important to veterans using VA for their mortgage as they cannot presently compensate buyer agents. NAR has urged the VA to revise its policies. Without the option for sellers to offer buyer broker compensation, many buyers may be denied the ability to be represented by a REALTOR® in a transaction.
- Sellers, buyers, landlords and tenants utilize REALTORS® as they understand the great value in the professional assistance that REALTORS® provide in real estate transactions. Real estate transactions are often a consumer's largest financial transaction, very complex and require troubleshooting to get to successful completion.
- Real estate compensation amounts are negotiable between a real estate broker and the client. There are many options provided in various real estate business models that continue to be options going forward such as, cooperative compensation, flat fees, fees for specific services, or hourly rates.

- There is much misinformation being reported in the national media and we would like to again emphasize there is absolutely no standard commission rate. Those are independently negotiated between real estate agents and their clients.
- Housing demand, limited inventory and increased mortgage rates are the most significant factors impacting home prices, housing affordability and housing availability. Real estate compensation plays a relatively small role in overall housing costs.
- A tightening inventory of homes for sale across Connecticut has been primarily responsible for pushing the statewide median price of an existing single-family house from less than \$250,000 in 2018 to more than \$430,000 as of the end of April 2024.
- REALTORS® will continue to use their skill, care, and diligence to protect the interests of their clients.
- The real estate industry throughout the country and in Connecticut will adapt as necessary. This will be a time of adjustment, but the fundamentals remain: buyers and sellers will continue to have many choices when deciding to buy or sell a home.
- REALTORS® are advocates for Connecticut homeowners and taxpayers; they are also primarily independent entrepreneurs who choose to subscribe to a higher set of professional standards.
- It's important to note that homebuyers and sellers value the services and expertise offered by their REALTORS®. The most recent survey by NAR shows 94% of buyers in Connecticut used a real estate broker or agent in their transaction, which is higher than the national average. 88% of buyers and sellers in Connecticut would recommend or use their agent again, which is in line with the national average. (2023 Profile of Home Buyers and Sellers)

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This information is dated May 15, 2024 and subject to change at any time as new information or interpretation may become available.