

### **Why can't commissions be included as part of a mortgage?**

Unlike mortgage broker fees, closing costs, and appraisals, real estate sales commissions are not directly linked to the mortgage loan production and therefore cannot be financed. By definition, a mortgage is a lien against a property, which means the property itself serves as the asset that the lender can take back to recoup value if the borrower defaults. Commissions, on the other hand, are based on a service provided and there is no way for the lender to recover the value of the service in the event of a default on the mortgage. Further, lenders rely on investors to purchase mortgages to help fund these loans. Since mortgages do not include personal services today, if that changed and mortgages started to cover costs that are not secured by the property, lenders and investors may be less willing to lend and invest, and mortgages could be more costly. For further information check out [realestatecommissionfacts.com](http://realestatecommissionfacts.com).

### **Is there a "set commission" real estate agents charge consumers?**

No. The market decides commission rates, and commissions are always negotiable. Consumers have the choice of who they want to pay and how they want to pay them. Because of pro-consumer local MLS broker marketplaces, and options like a success fee, there is unprecedented competition among real estate agents, especially when it comes to the service and compensation options available to consumers.

### **Why not require buyers to pay commissions directly to their broker instead of the historic practice of listing brokers paying the buyer broker?**

Forcing buyers to take on the additional out-of-pocket expense would cause them incredible hardship and would freeze many, particularly first-time and low- and middle-income homebuyers, out from an already competitive market. That could also force homebuyers to forgo professional help during what is likely the most complex and consequential transaction they'll make in their lifetime.

### **How does the U.S. model compare to other, international broker marketplaces?**

U.S. local broker marketplaces have long been - and are still - viewed as the best option for consumers around the world. By consolidating fees and the overall process, our nation's model increases efficiency, simplifies the experience, provides greater certainty of success to both buyers and sellers, and provides guidelines that ensure the accuracy of housing inventory made available to real estate professionals and consumers, all at comparable or lower total costs than those in other countries.

### **Why are MLSs needed when you can find listings for homes in so many places online?**

The ability to find listings for homes online is made possible by virtue of local MLS broker marketplaces. Online home listing sites receive the vast majority of their inventory from these local broker marketplaces. That data exists because of real estate professionals and others' commitment to cultivating comprehensive housing data reinforced by guidelines that ensure accuracy and transparency so consumers can confidently rely on the information.

## **What is NAR's role relative to independent, local MLS broker marketplaces?**

NAR provides guidance for independent, local broker marketplaces to ensure pro-consumer, pro-competitive marketplaces that facilitate the sale of real estate where buyers and sellers, and their agents, can work seamlessly and efficiently together. NAR regularly reviews those guidelines to maintain practices that increase transparency and improve the consumer experience. Without that, it would be the Wild West in residential real estate like it is in other countries.

## **Why should real estate professionals make the money they do in commissions when so much information is available online?**

Real estate agents provide essential guidance as consumers navigate the legal, financial and community aspects of a purchase, including everything from determining property value to negotiating the price. They also make local broker marketplaces, which online housing portals tap into, possible because of all the information they input into those databases. And REALTORS®' median annual income is just \$54,330 and 88% are small businesses, a majority of which are women-owned.

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## **How does NAR promote access to homeownership?**

Everyone deserves the opportunity of home ownership – it is the American Dream. At NAR, we are working hard to make housing both more affordable and more accessible. This includes incentives to rehabilitate, build and convert properties to affordable housing, and a commitment to allowing first-time homebuyers and low-income Americans to afford both a down payment and professional representation.

## **How is NAR promoting equity in homeownership?**

NAR is leading the industry in addressing an historically unjust system. Among other things, we advocate for policy change in Washington and increased funding for the Office of Fair Housing and Equal Opportunity. In 2020, we unanimously passed a Fair Housing Action Plan, which engages and mobilizes our 1.5 million REALTORS® to protect and advance housing in America. Also, local broker marketplaces that REALTORS® and other real estate agents feed into are a critical fair housing tool because they make the majority of inventory in a particular market available to all people regardless of race, income, or other background.

## **How do real estate professionals advance the economy?**

Homeownership benefits individuals and communities. Homeownership is the most common way the average family builds generational wealth – and, in turn, closes the gap between the rich and poor. Every home sale generates roughly \$88,000 in local economic activity accounting for nearly 18% of the nation's GDP, and every two home sales supports one American job. Those jobs include the 88% of REALTORS® identifying as small business owners.

## **What is happening with NAR and the Department of Justice?**

In January 2023, a district court decided the DOJ must adhere to its previous agreement with NAR to more explicitly state the spirit and intent of NAR's Code of Ethics and MLS guidelines in certain key areas. In fact, NAR has already adopted clarifications to its guidance for local MLS broker marketplaces to strengthen transparency for consumers. Ultimately, what NAR and the federal government both desire is a better experience for consumers.

### **How has NAR moved forward on what it agreed to with the DOJ?**

NAR updated its guidelines to reinforce greater transparency and disclosure of compensation offered to buyer agents, ensure listings aren't excluded from search results based on the amount of compensation offered to buyer agents, and reinforce that local MLS market participants do not represent brokerage services as free.

### **What's going on with lawsuits NAR is facing that challenge the Clear Cooperation Policy?**

The litigation involves two private listing networks that enable properties to be publicly marketed only to an exclusive group of consumers. The plaintiff's original complaints were dismissed by federal judges. However, both cases are still ongoing due to appeals. NAR remains confident we will prevail because the Clear Cooperation Policy ensures brokers and agents serve their clients' best interests and promotes fair housing and equal opportunity for all.

### **What's happening with class action lawsuits challenging how local broker marketplaces work?**

Class action attorneys are trying to position themselves for a payout if they can confuse enough people with misinformation and glaring omissions. The U.S. Courts have routinely found that local MLS broker marketplaces are pro-competitive and pro-consumer by creating efficiencies and equity in the homebuying and selling process.

