

# NAR Settles in the Sitzer/Burnett and Other Commission Lawsuits

The organization has agreed to pay \$418 million dollars to the plaintiffs and change its policies.

The National Association of Realtors had decided to settle in the bombshell commission lawsuits that have rattled American real estate recently. The organization announced on Friday that it will pay \$418 million dollars over the course of the next four years.

According to reports from [Inman](#), [HousingWire](#), and [New York Times](#), NAR has also agreed to change rules regarding commission rates and offers. The settlement hasn't been accepted by the court yet. There's a high likelihood that the DOJ will intervene with this settlement as well, as they did with the Nosalek lawsuit.

Do watch our video to know more about that lawsuit!



Nosalek vs MLS PIN: Department Of Justice Intervenes

## Settlement Terms

1. NAR will pay the plaintiffs \$418 million dollars in damages over a term of four years.

2. NAR will not create rules that mandate listing agents to set compensation for buyer brokers.
3. NAR will create a rule to ensure compensation offers aren't displayed on the MLS listings.
4. The agreement will cover the following:
  - The National Association of Realtors
  - Over 1.5 million NAR members
  - All MLSs owned by state or local realtor organizations
  - Any brokerage that has a NAR member as its principal and a transaction value of \$2 billion or less in 2022
5. The agreement won't cover:
  - Co-defendant HomeServices of America
  - MLSs that aren't wholly owned and operated by Realtor organizations
  - MLSs that aren't wholly owned by Realtor organizations but agree to change their policies and contribute towards the settlement fund.

NAR hasn't mentioned whether the organization would increase its membership fees in response. However, it did assure that people who have already paid the fees for 2024 don't need to worry about additional fees.

## Major Changes Ahead

This settlement will pave the way to a new world order. The standard 5-6% commission rates may drop. Research by Keefe, Bruyette & Woods also shows that NAR would lose as much as **1 million** members if commission sharing is banned.

These rule changes don't necessarily mean that buyers will have to pay buyer agents. Buyer agents can negotiate compensation offers directly with the seller off the MLS. NAR has made it clear that commission rate negotiations can't be carried out via the MLS.

All MLS participants will now have to enter into a written buyer representation contract with sellers before they can tour a home.

## Almost Bankrupt

NAR almost filed for Chapter 11 Bankruptcy after the **5.4 billion dollar** Sitzer/Burnett verdict. But the organization decided not to go through with it as it would affect its 1.5 million members, placing them at great risk.

NAR said in their statement, "Chapter 11 would also have paused the litigation against NAR but not the other defendants in the cooperative compensation cases."

If the court approves of this settlement, the wave of commission lawsuits against NAR will finally come to a halt. However, the U.S. Department of Justice may still intervene to see whether the terms would be enough to help improve competition in the industry.

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