

# LET'S TALK:

## ***Conversations with Your Seller About the New Business Practices***

---

The real estate industry in California and across the country is evolving to adapt to changes happening with the industry's business practice. These changes are reshaping the dynamics of home buying and selling. To help our members frame and practice conversations with their seller clients about these changes, C.A.R. is providing the sample script below discussing these changes:

- **Prospective seller:** I heard in the news that the real estate industry is going through a lot of change. Can you give me more details?
- **You:** *Absolutely! Earlier this year, a legal settlement involving the National Association of REALTORS® (NAR) and some large real estate brokerages imposed new requirements that change the way real estate transactions are conducted.*
- **Prospective seller:** What are the new requirements?
- **You:** *There are two main changes under the settlement that will go into effect by August 17, 2024 (or earlier depending on your MLS). The first change is that properties listed in a multiple listing service, or MLS, can no longer include an offer of compensation to agents for the buyer. (MLSs are local marketplaces used by both buyer brokers and listing brokers to share information about properties for sale.)*

*The second is that buyers working with an agent now need to sign a written agreement before touring a home with an agent. This agreement will outline the agent's role, services, and fees for buyers.*

- **Prospective seller:** If offers of compensation to buyer brokers have been removed from the MLS, will that make my listing less attractive to buyers?
  - **You:** *If allowed by the listing broker's MLS, sellers can use the MLS to communicate that they are open to making concessions to a buyer. Concessions are generally a credit to the buyer at closing to use for whatever they need — for instance, paying the buyer's closing costs or as a repair credit. As part of their offer, buyers can also request that the seller pay all or a portion of the buyer's obligation to compensate the buyer's broker under a buyer representation agreement. The one requirement is that concessions offered by the seller can't be required to be used to pay a buyer's broker.*
  - **Prospective seller:** Is there anything else I should consider?
  - **You:** *REALTORS® are here to help you navigate the process of selling your home and are ethically obligated to work in your best interest.*
-

Compensation for your agent remains fully negotiable, and if your agent is a REALTOR®, they must abide by the REALTOR® Code of Ethics and have clear and transparent discussions with you about compensation. When finding an agent to work with, ask questions about compensation and discuss your representation.

You have choices. Work with your agent to understand the full range of these choices when selling your home, which will help you make the best possible decision for your needs.