



# Dispelling Five Myths About the Proposed Settlement

NAR is correcting the record, and you can help.



ational Association of REALTORS® leaders know that AEs are on the frontlines answering questions from members and communities about the proposed settlement announced on March 15. To ensure you can do that, NAR is correcting the record on five misconceptions about the settlement. You can help by challenging inaccurate information that you see appearing in social media posts, news articles or elsewhere.

**1 Myth:** The proposed settlement only covers a fraction of members.

**Fact:** Nearly every real estate professional who is a REALTOR® is covered by the release that NAR negotiated in the settlement. The agreement would release NAR; more than 1 million NAR members; all state, territorial and local REALTOR® associations; all association-owned MLSs; and all brokerages with an NAR member as principal whose residential transaction volume in 2022 was \$2 billion or below from liability for the types of claims brought in these cases on behalf of home sellers related to broker commissions.

To be clear, NAR members are covered by the settlement unless:

- They are affiliated with HomeServices of America or one of its affiliates, or
- They are employees of a defendant in the remaining Gibson/Umpa lawsuits in Missouri.\* (Note: All independent contractors affiliated with the Gibson/Umpa defendants are covered.)

**2 Myth:** NAR left large corporate brokerages and affiliated agents to fend for themselves.

**Fact:** NAR fought to include as many people and companies in the release as possible and achieved a release for everyone it could. More than 1 million members are covered, as are tens of thousands of businesses operated by REALTORS®.

But, despite NAR's efforts, the plaintiffs did not agree to include everybody. Those that are not released—the largest companies in our industry—are no worse off now than they were before the settlement. In fact, many are better off, as thousands of their independent contractor real estate agents are released by the settlement.

Additionally, NAR's settlement provides an avenue for most large corporate brokerages with an NAR member as principal and more than \$2 billion in residential volume in 2022 that were not included in the settlement to pursue inclusion in the release. But the settlement does not obligate them to opt into the settlement. These brokerages will have 60 days after plaintiffs file the motion for preliminary approval of the settlement to complete Appendix C (see facts.realtor) of the settlement agreement, which is required to opt into the settlement if they choose to do so.

**3 Myth:** The settlement hurts minority and first-time home buyers.

**Fact:** This settlement would preserve the choices consumers have regarding real estate services and compensation.

Under the terms of the settlement, offers of compensation could continue to be an option consumers can pursue off-MLS through negotiation and consultation with real estate professionals. NAR continues to believe that offers of compensation help make professional representation more accessible, decrease costs for home buyers to secure these services, increase fair housing opportunities, and increase the potential buyer pool for sellers.

**4 Myth:** MLSs are no longer a valuable or useful part of the transaction process.

**Fact:** MLSs have always provided significant value to local businesses beyond communicating offers of compensation. They:

- Enable comprehensive marketplaces. Access to inventory and widespread advertising incentivizes local broker participation.
- Ensure reliable data access. NAR guidelines for local MLS broker marketplaces enable hubs of trusted, verified information where all participants have equitable access.
- Create connections. Local MLS broker marketplaces create the largest opportunity for connections between real estate agents with properties to sell and

those with clients looking to buy.

- Advance small business. Compiling housing information that is accessible to all businesses, in one place, allows smaller real estate brokerages to compete with larger ones.
- Encourage entrepreneurship. Because of lower barriers to entry enabled by local MLS broker marketplaces, new market entrants can advance technology, consumer service and other innovations.

**5 Myth:** NAR will no longer have resources to devote to important advocacy efforts in Washington.

**Fact:** NAR will be able to pay the settlement amount over time. NAR will not change membership dues for 2024 or 2025 because of this payment.

The NAR Finance Committee and Strategic Planning Committee will remain critical in reviewing and providing guidance about NAR's operating budget to help ensure association executives can continue to deliver unparalleled value to, and advocacy on behalf of members, including through our learning opportunities and resources, research, and member tools. ●

*\*Editor's Note: At press time on April 11, in addition to HomeServices of America and its related companies; the remaining defendants not covered by NAR's settlement are: At World Properties, LLC; Douglas Elliman, Inc.; Douglas Elliman Realty, LLC; eXp Realty, LLC; eXp World Holdings, Inc.; Hanna Holdings, Inc.; HomeSmart International, LLC; Howard Hanna Real Estate Services; Realty ONE Group, Inc.; Redfin Corporation; United Real Estate; and Weichert, Realtors®.*