

Meeting Minutes from the 9/28 Buyer Agency Compensation Town Hall with Kevin

A couple of housekeeping items we got started with:

Bedroom count **and square footage** in MLS MUST be accurate per the tax record, OR documentation must be uploaded supporting the number if this differs from the tax record. This could potentially cause a health department violation in addition to civil liability to the future buyer. MLS is auditing this, make sure you are covered! Get with Kevin if you have questions on this. David Bailey is a Licensed Appraiser, his info can be found in the Preferred Vendors list, and he is a wealth of information. <https://www.joinvcr.com/preferredvendors>

Avoid clients signing in improper capacity – executor/trustee signatures MUST have proper documentation of their authority to sign. Don't run the risk of assuming you have the signature of the correct party, request these documents in advance **PRIOR to executing and legal documents.**

Michael Lafayette is legal counsel for RAR/CVRMLS, he works for their best interests, we like to make this clear as he does not work on behalf of individual REALTORS® or their firms.

[CLICK HERE](#) for Michael Lafayette's SHORT video on the rule update – [CLICK HERE](#) for the 36 minute Zoom Town Hall
^ You will need to be logged in to your CVRMLS dashboard for these to open, or you'll need to log in to view!

[CLICK HERE](#) for an updated copy of the Rules & Regs with **RED** changes marked

[CLICK HERE](#) for the CVR MLS Compensation Toolkit

We are awaiting the share of the full Zoom presentations held last week, please watch your RAR/CVRMLS emails for this!

October 2nd starts the REMOVAL of the minimum cooperative compensation amount in MLS, which was previously a minimum of \$1.

Lawsuits – alleging the NAR & 5 defendants (brokerages) banded together to FORCE sellers to pay buyer agency compensation. 2 litigants have settled, one for \$55million, one for \$84million. Settlements will be distributed to impacted sellers involved in the class-action lawsuit. The **Department of Justice** has filed an amicus brief in support of the litigants. Landscape of the industry will change slightly. Settlement **seems** to be the option as losing and trying to appeal means you have to PROVE YOU HAVE the money to cover the amount of judged damages before you can appeal. Ads on TV have started trying to prompt impacted sellers to reach out in an attempt to form more class-action lawsuits.

Removal of required buyer agency compensation occurred in the Midwest almost 2 years ago, research was done showing change to buyer agency compensation as a result was **insignificant**. You MUST put your offer of compensation required on your Buyer Brokerage - if this says zero, you must **be willing** to work for free. Changes mean seller will have to work a little harder to sell their homes based on the spot in the market we are, buyers are not as plentiful so sellers are less likely to be able to offer zero and get the same results. This would have been more likely to impact things in the more seller-friendly market we've seen over the past few years.

Compensation can also now be addressed in the contract based on "review and new interpretation" of NAR rules. BUYER can request this as a part of the contract, agent cannot coach/coerce this however.

Buyer Brokerage agreement should reflect your actual agreement, what properties will you show them that you will get paid on – area/type, etc. Compensation conversation needs to happen before you put buyers in your car – here is what I charge, if the seller is not offering at least that much, these funds come from the buyer. IF YOU WILL ADJUST what you are showing buyers AT THEIR REQUEST, such as excluding any listings not offering your required compensation, GET THIS IN WRITING! Buyer must understand what they are responsible for if not paid by the seller. **If you have any question whatsoever, ask. The only stupid question is one not asked.**

Compensation Agreement – buyer agent can request additional compensation from the listing agent to come out of their portion, applicable only to you.

CRITICAL – When the BUYER AGENT is requesting additional compensation FROM THE LISTING AGENT **it must be PRIOR TO SHOWING**, this is different from the BUYER requesting additional funds to cover this compensation FROM THE SELLER as part of the contract. Reaching out to the listing agent IS NOT RECOMMENDED! **Again, if you have questions, ask. The only stupid question is one not asked.**

AGENTS NEGOTIATING BETWEEN THEMSELVES – compensation agreement is used, NOT the contract
SELLER AGREEING TO PAY COMMISSION ON BUYERS BEHALF – this is negotiated in the contract **but MUST be done PROPERLY**

CLAUSES VIDEO LINK INSERT HERE

Clauses are added to the Office Clauses, Kevin adds to this as he gets requests for verbiage and has had them verified. Kevin has added a clause to be used WITH PRIOR APPROVAL BASED ON A DISCUSSION WITH HIM if the BUYER is requesting the seller pay to cover the portion of the buyer agent commission not covered by the sellers offer of compensation.

You CAN include compensation with variable terms on the Buyer Brokerage, such as 2.5 for new construction, 3 for resale, and this CAN be adjusted if you decide to adjust your compensation based on the home and offer your client finds, you would adjust the Buyer Brokerage agreement and all parties initial these changes. This MUST BE DOCUMENTED in this way, starting October 1st any commission not matching the Buyer Brokerage will be rejected and the Buyer Brokerage will be required to be updated and on file prior to commission processing.

OUR COMPANY POLICY still requires 2.5% to be offered to the buyer agent in order for us to take the listing as a firm.

We DO NOT DO Limited Service or Independent Contractor agreements.

Once this hits the news, sellers could start to ask about this and what it means for them, **YOU need to be prepared to answer them.**

MOST IMPORTANT TAKEAWAY – Our company policy has not changed, our firm requires that we pay at least 2.5% to the buyer agent in order to take a listing.