

What the NAR Settlement Means for Buyers and Sellers



*R*enée H. Kraft is grateful to call Hawai'i her lifelong home, having been born and raised on the Island of Oahu. She attended La Pietra - Hawaii School for Girls and began her real estate career in college, working in property management in downtown Honolulu. While pursuing her undergraduate degree at the University of Hawaii at Manoa she earned her State of Hawaii real estate license in 1992.

Renée's dedication to success and commitment in the industry is providing quality service to each of her clients. This has earned her top producing status and recognition as one of Hawaii's best in the industry. A resident of the Big Island since 2003, Renée currently serves in her third year as the Treasurer of the West Hawaii Association of Realtors. She is a continued Alii Circle sponsor and member of the Kona-Kohala Chamber of Commerce where she serves on the Economic Development committee.



Renée H. Kraft
REALTOR® BROKER RB-23004
Certified Luxury Property Specialist
BHGRE Island Lifestyle
Direct: 808.345.2108
www.SearchHawaiiProperty.com
Renée@SearchHawaiiProperty.com

Written by Renée H. Kraft REALTOR® Broker

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On August 17, 2024, significant changes stemming from the National Association of Realtors (NAR) settlement will reshape real estate practices. These changes aim to enhance transparency, fairness, and competition within the market. For Buyers, this means new responsibilities and protections, particularly around agent commissions and representation clarity. Sellers will need to navigate new commission structures and marketing guidelines. Understanding these changes is crucial for both parties to successfully adapt to the evolving real estate landscape.

1. Increased Transparency in Compensation Discussions

All discussions about compensation need to be transparent and disclosed to both the Buyer and the Seller. This requirement ensures that both parties are fully aware of who is paying what and aims to prevent any hidden costs or undisclosed compensation agreements. Buyers will have a clearer understanding of the financial arrangements in the transaction, including what they are paying for and what the seller is contributing. Sellers will need to be more proactive in understanding and negotiating compensation terms with potential Buyers and their agents, as these terms will no longer be pre-set or advertised.

2. Prohibition on Advertising Buyer's Agent Compensation in MLS

Sellers will no longer be able to advertise the compensation offered to the Buyer's agent in the MLS (Multiple Listing Service). The compensation offered to the Buyer's agent will no longer be advertised in the MLS. Buyers will need to discuss and understand the compensation details with their agents directly, leading to potentially more transparent and individualized negotiations. This aims to prevent perceived price manipulation and ensure more transparency. Sellers will need to discuss and negotiate compensation details outside of the MLS.

3. Mandatory Buyer/Agent Written Agreement Contract

Buyers will be required to enter a written agreement executed by the agent. Buyers understand their fiduciary agreement to represent during the process of purchasing. Clearly outlining their fees and the services they will provide. This agreement ensures that Buyers are fully aware of the costs and services associated with hiring their agent, leading to more informed decision-making and better alignment of expectations. This could shift some of the financial burden from Sellers to Buyers, as Buyers will now have to agree to and understand the fees for their agent's services.

4. Potential Impact on Seller's Net Proceeds

Sellers may need to reconsider their approach to offering Buyer's agent compensation. While they are not required to offer compensation, doing so could affect the pool of potential buyers. If sellers choose not to offer compensation, they might limit the Buyer pool, potentially reducing the competition for their property and possibly lowering the final sale price. Buyers for example may want to only look at properties where the Seller is offering the Buyer's agent compensation, which decreases the Seller's pool further for those who are not offering compensation or concessions. ■