

MLS & Rules Committee

Agenda / Action Items



Date: 03.21.2024

Time: 1:00pm

Locati LBOR Office

Co-Chairperson: Beth Ham

Co-Chairperson: Vanessa Schmidt

Staff Liaison: Linda Manley & Rob Hulse

Committee Members:

Angela Shopper	Anna Clemente	Bailey Stuart	Cheri Drake	Chris Earl
Danny Freeman	Erin Maigaard	Katie Moore	Lindsay Landis	Michelle Roberts Freeman
Nicholas Lerner	Ryan Desch	Taylor LaRue	William (Bill) Perkins	Zach Dodson

P - Present

E - Excused Absence

A - Absent

Guests (non-Quorum)

AGENDA ITEMS

No	Topic	Done	Notes/Update
1	Review Previous Meeting Minutes from 2.22.2024		
2	Update from LMLS Staff <ul style="list-style-type: none"> a. NAR Settlement Agreement <ul style="list-style-type: none"> i. Recap and Resources ii. Timeline iii. Changes to make in the Paragon System iv. Changes to the Exclusive Right of Sale v. Other Changes? 		
3	Statistical Reporting - Consider request to publish a "Best Practices" or "Policy" regarding Statistical Reports in Paragon. Reported that agents have used other agent's volume production/standing in competition for clients. (After the Committee expanded reports to Agents in April 2018, Brokers discussed on 4/30/2018, and the Board approved on May 9, 2018)		
4	Review Disclaimer on Seller's Property Condition Disclosure (short term rentals, etc.)		
5	Consider creating a Cooperation and Compensation Agreement for use with Non-Members.		

a. KCRAR/Heartland form is included in the Agenda Packet; Sunflower does not have this form; Flint Hills - waiting for a reply; REALTORS® of South Central Kansas (Wichita) does not have this form.

6 Discuss annual sales volume production awards for 2024: Create a special work group with both Brokers and Agents.

7 Discuss Question regarding Early Signed Listing Agreements.

8 Consider Tabled Topics?

a. Readily Available to Show.

b. Fair and Equal Access for all.

c. Do we need policy/rules regarding Ancillary Dwelling Units (ADUs)?

d. Define "Reasonably Prominent" in IDX Rules.

9 **Next Meeting:** _____

10 **Adjourn:**

MLS & RULES COMMITTEE ACTION ITEMS

No	Action	Due Date	Responsible Member	In Process	Done	Notes/Update
	Add general language to the SPCD - Buyers understand that a property's use is subject to regulations.	03.21.2024	LMLS Staff - Rob	√		Draft included on Agenda for 3/21/2024.
	Recommend Citation Schedule for adoption and pass along to Professional Standards Committee	03.21.2024	LMLS Staff - Rob		√	Approved by BoD. Pro Standards meet on April 2.
	Create a new Citation (fine) Policy/Schedule and return to Committee with recommendation.	03.01.2024	LMLS Staff - Rob		√	Sub-Committee meeting to discuss.
	Zillow - configure with at Time/Date stamp to display in chronological order as a new listing.	03.01.2024	LMLS Staff - Rob		√	Return to MLS & Rules with question about field rules.
	Present recommendation from MLS & Rules to expand photos to 100 in Paragon.	11.13.2023	LMLS Staff - Rob	√		To Board of Directors
	Remove "Total Bedrooms" field from Input/Search	02.19.2024	LMLS Staff - Rob		√	Saved Searches notified, with removal of field on March 4th
	Create a new Detail Report specific to feedback provided by Appraisers.	In Appraiser's Hands at this time.	Member Appraiser and LMLS Staff	√		Waiting on the Appraiser for noted changes.
	Arrange Bath Fields so that they are grouped together in the Paragon Input view.	02.19.2024	LMLS Staff - Rob		√	
	Remove Buyer Name Field - Present Committee Recommendation to Board of Directors	02.19.2024	LMLS Staff - Rob		√	
	Amendment to the Exclusive Right of Sale presented to the Board of Directors	11.13.2023	LMLS Staff - Rob		√	
	Amendment to the Buyer Agency Agreement presented to the Board of Directors	11.13.2023	LMLS Staff - Rob		√	
	Complete updates to the Amendment to the EROS and Buyer Agency Agreement	10.30.2023	LMLS Staff - Rob		√	
	Gather information from Paragon about options in Photo Admin in Paragon	10.30.2023	LMLS Staff - Rob		√	
	Gather information from KREC regarding disclosure of ID of Complainant	10.30.2023	LMLS Staff - Rob		√	
	Pull Brokers together to work on Sale of Residence Contingency Form	09.18.2023 to 10.25.2023	Sub-Committee		√	
	Sub-Committee to work on Sale of Residence Contingency Form	09.18.2023	LMLS Staff - Rob		√	
	Draft - Contingency for Sale of Buyer's Property	09.12.2023	LMLS Staff - Rob		√	

MLS & Rules Committee 2024	Role	1/25	2/22	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Present	Excused	Unexcused
		Thu	Thu	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	<i>P</i>	<i>E</i>	<i>U</i>
Elizabeth Ham	Co-Chairperson	P	P													
Vanessa Schmidt	Co-Chairperson	P	P													
Angela Shopper	Committee Member	P	P													
Anna Clemente	Committee Member	U	P													
Bailey Stuart	Committee Member	P	P													
Cheri Drake	Committee Member	P	P													
Chris Earl	Committee Member	P	E													
Danny Freeman	Committee Member	P	P	E												
Erin Maigaard	Committee Member	P	U													
Katherine Moore	Committee Member	U	P - Z													
Lindsay Landis	Committee Member	P	P													
Michelle Roberts-Freeman	Committee Member	AL-E	P													
Nicholas Lerner	Committee Member	P	P													
Ryan Desch	Committee Member	P	AL - Z													
Taylor LaRue	Committee Member	P	P													
William Perkins	Committee Member	P	P													
Zach Dodson	Committee Member	E	E													
Linda Manley	LBOR	P	E													
Rob Hulse	LBOR	P	P													

Z = Zoom

AL = Arrived Late

LE = Left Early

MLS & Rules Committee Minutes

February 22, 2024 – 1:30pm.

Previous Meeting Minutes Reviewed - **MOTION to approve minutes. Motion passed.**

MLS Staff Report:

For DOM Calculations at Zillow - defaults to the start date of the listing. Other MLSs use the input date (when an MLS number is assigned (including “temporary electronic input” status. Zillow will do either.

However, for listings that have exclusive visibility – the DOM calculation on Zillow would use the input date (the date first input into the MLS) rather than the “active” date.

No action was taken.

FYI: Bathrooms - moved the number of primary baths adjacent to the other bath fields.

FYI: Bedrooms - can remove total bedrooms field after first notifying the agents with 58 saved searches that use the Total Bedrooms field, that we are changing from Total Bedrooms to Conforming bedrooms. This will be completed on March 1st.

See proposed Citation Schedule.

Not mentioned on the Citation Schedule is:

- Training is 1 hour of MLS training (same training for new members, listing input violations, listing status violations, and clear cooperation violations)
- Training is offered monthly and required for all new members.
- Escalations only happen within that category.
- Notate that reduction of permissions to Level 3 is for 5 listings.
- Staff do not keep track of the number of transactions completed.

Discussion - with this new policy, do we start over for those in with the fines? Is it overlaid? **MOTION to accept the citation policy. Motion passed.**

MOTION to overlay the new citation policy with the previous policy for those that have been fined - keeping the rolling 12 months. Motion passed.

ACH of Earnest money:

Earnest money has been received from the title company but was not DEPOSITED since it is an ACH payment. More clarification is needed from KREC - there have been conflicts within KREC, investigator is not on the same page. It may solve itself. The statute does not refer to form payment - however KREC does not agree with this.

No action taken – will stay on agenda for the Sub-committee to review during contract/forms review process.

Sub-committee for Contract Revision/Forms

- Vanessa Schmidt
- Nicholas Lerner
- Bill Perkins
- Bailey Stuart
- Cheri Drake
- Taylor LaRue
- Chris Earl

Discussion about adding a general statement to the Seller's Property Condition Disclosure. **MOTION to include a general statement to the last page of both seller disclosures: that buyers are advised to check with local municipality in regards any questions of property use. Motion passed.**

Discussion on statistical reporting:

We do not currently have a policy on the use of statistics other than providing agents with information on their own reporting. There are rules against using data that conflicts with client and customer purposes.

MOTION to table this until a future meeting. Motion passes

Consensus is that #7a, #7b, and 7c is delegated to the Sub-Committee for Contract Revision/Forms

- clarification on b - this is what the LBHA has blessed

- clarification on c - net is not considering concessions due to inspections, rather net due to the sales contract, there is push back saying that if there is at contract price of \$400k and it was dropped to \$350k then the broker charging on \$400k rather than \$350k is the broker charging too much

MOTION to create cooperation and compensation agreement for use with Non-Members. Motion passed.

Discussion on the cooperation and compensation agreement:

- Ability to be used for our members to be use for showing a property in another market.
- Ability to be used to offer compensation to non-members.
- Ability to be used to clarify compensation with FBSO's as well.

Settlement Factsheet

NAR and plaintiffs have reached a proposed settlement agreement that would end litigation of claims brought on behalf of home sellers related to broker commissions. The agreement would resolve claims against NAR, over one million NAR members, all state/territorial and local REALTOR® associations, all association-owned Multiple Listing Services (MLSs), and all brokerages with an NAR member as principal that had a residential transaction volume in 2022 of \$2 billion or below. The settlement is subject to court approval.

Ultimately, we believe this was the best outcome we could achieve in the circumstances. The large settlements that other corporate defendants have already reached were important factors going into what NAR could achieve in this settlement.

Coverage of NAR's Release

Implications for Members

- Over one million NAR members are released from liability nationwide.
- NAR's release covers all members other than agents affiliated with HomeServices of America and its related companies (the last corporate defendant still litigating the *Sitzer-Burnett* case), and employees of the remaining corporate defendants named in the cases covered by this settlement.

Implications for Brokerages Owned by Members

- Brokerage entities owned by members that had a residential transaction volume of \$2 billion or below are released from liability nationwide.
- While we would have preferred to protect all industry players, ultimately NAR could not persuade the plaintiffs to include the largest brokerages.
- The agreement provides a mechanism for nearly all brokerage entities that had a residential transaction volume in 2022 that exceeded \$2 billion to obtain releases efficiently if they choose to use it.

Implications for NAR and other REALTOR® Associations

- NAR is released from liability nationwide.
- Any officers, directors, or other participants in NAR activities are released from liability nationwide for their role or participation in NAR.
- All state/territorial and local associations of REALTORS® are released from liability nationwide.

Implications for Association-Owned MLSs

- The release includes all MLSs that are wholly owned by one or more REALTOR® associations.

Implications for Other MLSs

- The agreement provides a mechanism for other MLSs to be covered by it if they choose to use it.
- This mechanism includes opting into the MLS practice changes that are a part of the agreement and paying a per-subscriber fee to the Settlement Fund.
- While we would have preferred to protect all industry players, the MLSs not wholly owned by a REALTOR® association were excluded by plaintiffs.

Practice Changes

- We were able to retain the right of consumers to continue to have cooperative compensation as an option so long as they pursue it off-MLS through negotiation and consultation with real estate professionals.
- NAR has agreed to put in place a new rule prohibiting offers of compensation on the MLS. The change will go into effect in mid-July 2024.

Implications for members

- There will continue to be many ways in which buyer brokers could be compensated, including through offers of compensation communicated off MLS — as we have long believed that it is in the interests of the sellers, buyers, and their brokers to make offers of compensation — but using the MLS to communicate offers of compensation would no longer be an option.
- The types of compensation available for buyer brokers would continue to take multiple forms, depending on broker-consumer negotiations, including but not limited to:
 - Fixed-fee commission paid directly by consumers
 - Concession from the seller
 - Portion of the listing broker's compensation
- Compensation would continue to be negotiable and should always be negotiated between agents and the consumers they serve.

Implications for home buyers and sellers

- This settlement would preserve the choices consumers have regarding real estate services and compensation.
- After the new rule goes into effect, listing brokers and sellers could continue to offer compensation for buyer broker services, but such offers could not be communicated via the MLS.
- The settlement expressly provides that sellers may communicate seller concessions — such as buyer closing costs — via the MLS provided that such concessions are not conditioned on the use of or payment to a buyer broker.

New rule about written agreements

- NAR has long encouraged its members to use written agreements because they help consumers understand exactly what services and value will be provided, and for how much.
- The settlement provides that MLS participants working with buyers must enter into written representation agreements with those buyers.
- This change will go into effect in mid-July 2024.

Implications for members and home buyers and sellers

- After the new rule goes into effect:
 - MLS participants acting for buyers would be required to enter into written agreements with their buyers before touring a home.
 - These agreements can help consumers understand exactly what services and value will be provided, and for how much.

Other cases concerning the MLS cooperative compensation Model Rule

- Because the agreement would not end litigation as to all defendants, litigation concerning cooperative compensation may continue.

- In *Batton I* (N.D. Ill.), NAR’s answer to plaintiffs’ amended complaint is due on April 14, 2024. There is a status hearing on May 7, 2024.

Next steps in settlement process

Court approval and opt outs

- There are strong grounds for the court to approve this settlement because it is in the best interests of all parties and class members.
- We can expect the process of court review to take several months or more.
- In large class action settlements like this one, objections and opt outs are common, and the plaintiffs and NAR will handle them as they come.

NAR operations

- Nothing about this settlement changes NAR’s commitment to lead our industry forward and support our members.
- One of the critical advantages of this agreement is that NAR would be able to pay the settlement amount over time.
 - NAR would pay \$418 million over approximately four years.
 - This is a substantial sum, and it will be incumbent on NAR to use our remaining resources in the most effective way possible to continue delivering on our core mission.
- We will continue to deliver unparalleled value to, and advocacy on behalf of, REALTORS®, including through our learning opportunities and resources, research, and member tools.
- NAR has evolved multiple times in its history, including by introducing the MLS Model Rule in 1990s in response to calls from consumer protection advocates for buyer representation, and is doing so again now.
- Our leadership and staff remain focused on their work to deliver the value that has set this association apart for so many years.

Why settling now makes sense

NAR explored settling throughout the litigation and also carefully considered the other legal options available to us. These included:

- **Appealing:** A win on appeal would only have addressed the verdict in the *Sitzer-Burnett* case (not any of the copycat cases) and may only have resulted in a new jury trial, leaving members and consumers with continued uncertainty.
- **Chapter 11 reorganization:** In theory, Chapter 11 would have enabled NAR to eliminate its own liabilities while pursuing an appeal of the *Sitzer-Burnett* verdict. But we believe that would have left members with continued uncertainty and potential liability risk. Chapter 11 would also have paused the litigation against NAR but not the other defendants in the cooperative compensation cases.

Ultimately, while NAR continues to believe that it is not liable for the home seller claims related to broker commissions and that we have strong arguments challenging the *Sitzer-Burnett* verdict, we decided to reach this settlement to put claims to rest for over one million NAR members and other parties who would be released under the agreement.

What’s next

- The practice changes will go into effect in mid-July 2024.

- The settlement is subject to court approval, which is a process that we can expect to take several months or more and will include an opportunity for interested parties to object. In large class action settlements like this one, objections are common.
- We will move to have litigation about the MLS cooperative compensation Model Rule stayed, or paused, as to NAR pending the settlement approval process.
- NAR will also continue to provide updates about the settlement process as it unfolds on [competition.realtor](https://www.competition.realtor).

1. Why did NAR enter into this settlement?

- Since the litigation began, we have worked consistently to reach a resolution with the plaintiffs.
- We have always wanted to reduce the significant strain on our members and provide a path forward for the industry and, from the beginning of this litigation, we had two goals:
 - Secure a release of liability for as many of our members, associations, and MLSs as we could; and
 - Preserve the choices consumers have regarding real estate services and compensation.
- This proposed settlement achieves both of those goals and provides a path for us to move forward and continue our work to preserve, protect, and advance the right to real property for all.

2. What are the key terms of the agreement?

- **Release of liability:** The agreement would release NAR, over one 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.
 - NAR fought to include all members in the release and was able to ensure more than one million members are included.
 - Despite NAR's efforts, agents affiliated with HomeServices of America and its related companies—the last corporate defendant still litigating the *Sitzer-Burnett* case—are not released under the settlement, nor are employees of the remaining corporate defendants named in the cases covered by this settlement.
- The agreement provides a mechanism for nearly all brokerage entities that had a residential transaction volume in 2022 that exceeded \$2 billion and MLSs not wholly owned by REALTOR® associations to obtain releases efficiently if they choose to use it.

Compensation offers moved off the MLS: NAR has agreed to put in place a new rule prohibiting offers of compensation on the MLS. Offers of compensation could continue to be an option consumers can pursue off-MLS through negotiation and consultation with real estate professionals. And sellers can offer buyer concessions on an MLS (for example—concessions for buyer closing costs). This change will go into effect in mid-July 2024.

Written agreements for MLS participants acting for buyers: While NAR has been advocating for the use of written agreements for years, in this settlement we have agreed to require MLS participants working with buyers to enter into written representation agreements with their buyers. This change will go into effect in mid-July 2024.

Settlement payment: NAR would pay \$418 million over approximately four years. This is a substantial sum, and it will be incumbent on NAR to use our remaining resources in the most effective way possible to continue delivering on our core mission. NAR's membership dues for 2024 will not change because of this payment.

NAR continues to deny any wrongdoing: NAR has long maintained — and we continue to believe — that cooperative compensation and NAR's current policies

are good things that benefit buyers and sellers. They promote access to property ownership, particularly for lower- and middle-income buyers who can have a difficult-enough time saving for a down payment. With this settlement, NAR is confident it and its members can still achieve all those goals.

3. Does this settlement mean that NAR is admitting that plaintiffs' allegations are true?

- No. The settlement makes clear that NAR continues to deny any wrongdoing in connection with the Multiple Listing Service (MLS) cooperative compensation model rule (MLS Model Rule).
- It has always been NAR's goal to resolve this litigation in a way that preserves consumer choice and protects our members to the greatest extent possible. This settlement achieves both of those goals.
- This agreement significantly reduces liability nationwide for over one million NAR members, all state/territorial and local REALTOR® associations, association-owned MLSs, and all brokerages with an NAR member as principal that had a residential transaction volume in 2022 of \$2 billion or below. Ultimately, continuing to litigate would have hurt members and their small businesses.
- The agreement provides a path forward for our industry and NAR.

4. What if an agent has different releases under the settlement (e.g., moved between brokerages?) Are they covered by the release in this settlement agreement?

- The release covers most NAR members for the entire time period, and even if an agent is not covered for some of the time period, they may be covered for others for the time they were not affiliated with HomeServices and its related companies.

5. By changing the cooperative compensation policy, aren't you admitting that it was problematic?

- No. The settlement makes clear that NAR continues to deny any wrongdoing in connection with the Multiple Listing Service (MLS) cooperative compensation model rule (MLS Model Rule).
- NAR has long maintained — and we continue to believe — that cooperative compensation and NAR's current policies are good things that benefit buyers and sellers. They promote access to real property ownership, particularly for lower- and middle-income buyers who can have a difficult-enough time saving for a down payment. Real estate laws in many states authorize offers of compensation.
- With this settlement, NAR is confident it and its members can still achieve all those goals.

6. Is it possible for offers of compensation to be conveyed through channels other than the MLS?

- Yes. Offers of compensation could continue to be an option consumers can pursue off-MLS through negotiation and consultation with real estate professionals. And sellers can offer buyer concessions on an MLS (for example—concessions for buyer closing costs).

7. Will this prohibition save money for sellers or buyers?

- As NAR has maintained throughout the litigation, nothing in NAR's current policies (including the MLS Model Rule) has increased costs for buyers or sellers.

- This settlement would preserve the choices consumers have regarding real estate services and compensation. After the new rule goes into effect, listing brokers and sellers could continue to offer compensation for buyer broker services, but such offers could not be communicated via the MLS.
- The settlement expressly provides that sellers may communicate seller concessions — such as buyer closing costs — via the MLS provided that such concessions are not conditioned on the use of or payment to a buyer broker.

8. How does the settlement affect MLSs?

- The agreement would release association-owned MLSs from liability for the types of claims brought in these cases on behalf of home sellers related to broker commissions.
- While the release excludes MLSs that are not wholly owned by REALTOR® associations, the agreement provides a mechanism for those MLSs to obtain releases efficiently if they choose to use it.
- This mechanism includes opting into the MLS practice changes that are a part of the agreement and paying a per-subscriber fee to the Settlement Fund.
- NAR has agreed to put in place a new rule prohibiting offers of compensation on the MLS. This change will go into effect in mid-July 2024.
- Additionally, we have agreed to require MLS participants working with buyers to enter into written representation agreements with their buyers. This change will also go into effect in mid-July 2024.

9. How does the settlement affect home sellers and home buyers?

- This settlement would preserve the choices consumers have regarding real estate services and compensation.
 - After the new rule goes into effect, listing brokers and sellers could continue to offer compensation for buyer broker services, but such offers could not be communicated via the MLS.
 - MLS participants acting for buyers would be required to enter into written agreements with their buyers before touring a home. These agreements can help consumers understand exactly what services and value will be provided, and for how much.

10. How does the settlement affect corporate brokerages and any brokerages that are carved out from the release?

- The agreement provides a mechanism for nearly all brokerage entities that had a residential transaction volume in 2022 that exceeded \$2 billion and MLSs not wholly owned by REALTOR® associations to obtain releases efficiently if they choose to use it.
- While we would have preferred to protect all industry players, ultimately NAR could not persuade the plaintiffs to include the largest brokerages, particularly given the significant settlements that other corporate defendants have already reached.

11. How will buyer brokers get paid now?

- We have long believed that it is in the interests of the sellers, buyers, and their brokers to make offers of compensation — but using the MLS to communicate offers of compensation would no longer be an option.
- Offers of compensation could continue to be an option consumers can pursue off-MLS through negotiation and consultation with real estate professionals.
- The types of compensation available for buyer brokers would continue to take multiple forms, depending on broker-consumer negotiations, including but not limited to:
 - Fixed-fee commission paid directly by consumers
 - Concession from the seller
 - Portion of the listing broker's compensation
- Compensation would continue to be negotiable and should always be negotiated between agents and the consumers they serve.

12. Why does the release of liability carve out some co-defendants and some of their affiliated agents?

- NAR fought to include all members in the release and was able to ensure more than one million members were included.
- Despite NAR's efforts, agents affiliated with HomeServices of America and its related companies—the last corporate defendant still litigating the *Sitzer-Burnett* case—are not released under the settlement, nor are employees of the remaining corporate defendants named in the cases covered by this settlement.
- Plaintiffs would not agree to include these members and employees of the corporate defendants in the NAR's release
- NAR secured in the agreement a mechanism for nearly all brokerage entities that had a residential transaction volume in 2022 that exceeded \$2 billion and MLSs not wholly owned by REALTOR® associations to obtain releases efficiently if they choose to use it.

13. How will NAR fund the settlement?

- One of the critical advantages of this agreement is that NAR would be able to pay the settlement amount over time.
- We will determine how to allocate funds as they become due, working closely with our Finance Committee.

14. How does this settlement change NAR's value proposition? Why should real estate professionals continue to be NAR members after this news?

- We are confident that this agreement provides a path for NAR to move forward and continue our work to preserve, protect, and advance the right to real property for all.
- NAR fought to include all members in the release and was able to ensure more than one million members were included.
- We will continue to deliver unparalleled value to, and advocacy on behalf of, REALTORS®, including through our learning opportunities and resources, research, and member tools.

15. What is the value of an MLS?

- MLSs have always provided significant value beyond communicating offers of compensation.
- MLSs:
 - 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.

16. What should listing brokers advise their clients about the prohibition of offers of compensation on an MLS?

- Listing brokers should inform their clients that offers of compensation would no longer be an option on an MLS.
- This change will not prevent offers of cooperative compensation off an MLS. And it will not prevent sellers from offering buyer concessions on an MLS (for example – concessions for buyer closing costs).
- Compensation would continue to be negotiable and should always be negotiated between agents and the consumers they serve.

17. Who at NAR signed off on the settlement and was the decision to settle subject to proper NAR governance procedures?

- The settlement was signed off by NAR's Leadership Team, in consultation with outside legal and financial experts, and in accordance with NAR's governance procedures.
- Throughout the settlement process, we engaged with a diverse range of members and considered their perspectives and interests while fighting to protect all industry players as best we could.
- As is common in negotiating a complex settlement, there is a need to maintain confidentiality and effectively navigate complex legal considerations, which restricted the extent of the information that NAR could share more broadly.

18. Why was prohibiting the publication of compensation offers in the MLS part of the settlement?

- While NAR has long maintained — and we continue to believe — that cooperative compensation and NAR's current policies are good things that benefit buyers and sellers, we also acknowledge that continuing to litigate would have hurt members

and their small businesses, so have agreed to put in place a new rule prohibiting offers of compensation on the MLS.

- This is consistent with NAR's long-maintained position that prohibiting all offers of cooperative compensation entirely would harm consumers and be inconsistent with real estate laws in the many states that authorize them.
- We believe this agreement provides a path forward for our industry and NAR.

19. Is it possible for offers of compensation to be conveyed through channels other than the MLS?

- Yes. Offers of compensation could continue to be an option consumers can pursue off-MLS through negotiation and consultation with real estate professionals. And sellers can offer buyer concessions on an MLS.

20. How does the settlement affect state/territorial and local associations?

- The agreement would release all state/territorial and local REALTOR® associations from liability for the types of claims brought in these cases on behalf of home sellers related to broker commissions, and would also require their compliance with the practice changes agreed to in the settlement.

21. Are institutes, societies, and councils affiliated with NAR included in the release in the settlement agreement?

- Yes.

22. Do association-owned MLSs need to do anything to be covered by the release?

- Yes. Association-owned MLSs need to execute an appendix to the agreement in which they agree to abide by the practice changes in the agreement.
- They will have 60 days to execute the appendix.

23. How will offers of compensation be communicated if brokers can't use MLSs? Doesn't this just make broker compensation less transparent?

- Offers of compensation could continue to be an option consumers can pursue off-MLS through negotiation and consultation with real estate professionals. And sellers can offer buyer concessions on an MLS (for example—concessions that can be used for buyer closing costs).
- The settlement does not change the ethical duties that NAR members owe their clients.
- REALTORS® are always required to protect and promote the interests of their clients and treat all parties in a transaction, honestly (Article 1, COE).
- NAR members will continue to use their skill, care, and diligence to protect the interests of their clients.
- NAR remains dedicated to promoting transparency in the marketplace and working to ensure that consumers have access to comprehensive, equitable, transparent, and reliable property information, as well as the ability to have affordable professional representation in their real estate transactions.

24. How quickly do you expect the settlement to be reviewed and/or approved by the court?

- We can expect the process of court review to take several months or more.
- There are strong grounds for the court to approve this settlement because it is in the best interests of all parties and class members.

25. What were the key factors that influenced NAR's decision to choose the legal path it did for the settlement?

- NAR explored settling throughout the litigation and also carefully considered the other legal options available to us. These included:
 - **Appealing:** A win on appeal would only have addressed the verdict in the *Sitzer-Burnett* case (not any of the copycat cases) and may only have resulted in a new jury trial, leaving members and consumers with continued uncertainty.
 - **Chapter 11 reorganization:** In theory, Chapter 11 would have enabled NAR to eliminate its own liabilities while pursuing an appeal of the *Sitzer-Burnett* verdict. But we believe that would have left members with continued uncertainty and potential liability risk. Chapter 11 would also have paused the litigation against NAR but not the other defendants in the cooperative compensation cases.
- Ultimately, while NAR continues to believe that it is not liable for the home seller claims related to broker commissions and that we have strong arguments challenging the *Sitzer-Burnett* verdict, we decided to reach this settlement to put claims to rest for over one million NAR members and other parties who would be released under the agreement.

26. In what ways did NAR attempt to include all members in the settlement process, and what were the limitations?

- Throughout the settlement process, we engaged with a diverse range of members and considered their perspectives and interests while fighting to protect all industry players as best we could.
- As is common in negotiating a complex settlement, there is a need to maintain confidentiality and effectively navigate complex legal considerations, which restricted the extent of the information that NAR could share more broadly.

27. What was NAR's overarching strategy with the settlement and why did NAR choose to not more actively advocate for its position in the public domain during the legal negotiations?

- Since the litigation began, we have consistently worked to reach a resolution with the plaintiffs.
- In the months since the *Sitzer-Burnett* verdict, we redoubled those efforts.
- As is common in negotiating a complex settlement, there is a need to maintain confidentiality and effectively navigate complex legal considerations, which restricted the extent of the information that NAR could share more broadly.
- We have always wanted to reduce the significant strain on our members and provide a path forward for the industry and, from the beginning of this litigation, we had two goals:

- Secure a release of liability for as many of our members, associations, and MLSs as we could; and
- Preserve the choices consumers have regarding real estate services and compensation.
- This proposed settlement achieves both of those goals and provides a path for us to move forward and continue our work to preserve, protect, and advance the right to real property for all.
- Ultimately, while NAR continues to believe that it is not liable for the home seller claims related to broker commissions and that we have strong arguments challenging the *Sitzer-Burnett* verdict, we decided to reach this settlement to put claims to rest for over one million NAR members and other parties who would be released under the agreement.
- NAR has been proactive in publicly advocating our position throughout the litigation. We have published multiple op-eds and provided our perspective to various news outlets reporting on NAR and the challenges our industry faces.
- We have also consistently updated Competition.Realtor—our online hub of information about how REALTORS® and local MLS broker marketplaces create competitive, efficient, pro-consumer markets—with new information, materials, and FAQs pertinent to the litigation.

28. Why is NAR paying so much more to settle than the corporate defendants did?

- This settlement was heavily negotiated and is based on NAR’s ability to pay.
- NAR has secured a release of liability for over one million NAR members, all state/territorial and local REALTOR® associations, all association-owned MLSs, and all brokerages with an NAR member as principal that had a residential transaction volume in 2022 of \$2 billion or below.
- There are strong grounds for the court to approve this settlement because it is in the best interests of all parties and class members.

29. Does the settlement affect NAR’s ability to continue operating?

- We are confident that this agreement provides a path for us to move forward and continue our work to preserve, protect, and advance the right to real property for all.
- The settlement amount is a substantial sum, and it will be incumbent on NAR to use our remaining resources in the most effective way possible to continue delivering on our core mission.
- The Finance Committee and Strategic Planning Committee will remain critical in reviewing and providing guidance about NAR’s operating budget to help ensure we will continue to deliver unparalleled value to and advocacy on behalf of REALTORS®, including through our learning opportunities and resources, research, and member tools.

30. Can NAR use reserves to pay for the settlement? If so, how much?

- This settlement was heavily negotiated, and the amount is based on NAR’s ability to pay.
- One of the critical advantages of this agreement is that NAR would be able to pay the settlement amount over time.

- We will determine how to allocate funds as they become due, working closely with our Finance Committee.

31. What does this settlement mean for NAR advocacy efforts? Is there still funding available for those efforts?

- One of the critical advantages of this agreement is that NAR would be able to pay the settlement amount over time.
- The settlement amount is a substantial sum, and it will be incumbent on NAR to use our remaining resources in the most effective way possible to continue delivering on our core mission.
- The Finance Committee and Strategic Planning Committee will remain critical in reviewing and providing guidance about NAR's operating budget to help ensure we will continue to deliver unparalleled value to, and advocacy on behalf of, REALTORS®, including through our learning opportunities and resources, research, and member tools.

32. Will NAR raise dues or levy an assessment on members to fund the settlement?

- NAR's membership dues for 2024 will not change because of this payment.

33. Are independent MLSs affected by the prohibition of publishing compensation offers on the MLS?

- Independent MLSs are not required to prohibit offers of compensation on the MLS pursuant to the agreement unless they choose to opt into the settlement, in which case they will need to agree to the practice changes in the agreement and pay a per-subscriber fee to the Settlement Fund.

34. Does this prohibition affect the compensation amount paid to the listing broker?

- Compensation would continue to be negotiable and should always be negotiated between agents and the consumers they represent.

35. How does this affect the existing listing agreements that authorize an offer of compensation to be made in the MLS?

- After the new rule goes into effect, listing agreements should be amended to reflect that offers of compensation cannot be communicated via the MLS.
- The settlement expressly provides that sellers may communicate seller concessions — such as buyer closing costs — via the MLS provided that such concessions are not conditioned on the use of or payment to a buyer broker.

36. How would this prohibition affect pending transactions?

- The practice changes will go into effect in mid-July 2024.

37. What steps will buyers' agents need to take to ensure they are being paid for their services?

- NAR has long encouraged its members to use written agreements because they help consumers understand exactly what services and value will be provided, and for how much.

- In fact, the settlement provides that MLS participants working with buyers must enter into written representation agreements with those buyers before touring a home.
- These agreements can help consumers understand exactly what services and value will be provided, and for how much.
- The types of compensation available for buyer brokers would continue to take multiple forms, including but not limited to:
 - Fixed-fee commission paid directly by consumers
 - Concession from the seller
 - Portion of the listing broker's compensation
- Compensation would continue to be negotiable and should always be negotiated between agents and the consumers they represent.

38. Does this mean buyers won't have to use a buyer broker to purchase a property?

- As always, the consumer chooses whether to use a real estate professional. Research has confirmed that consumers find great value in the services provided by a buyer broker, and we continue to believe it is imperative for buyer brokers to clearly articulate what services and value they are providing to consumers.

39. Can a buyer request the listing broker to pay compensation to the buyer broker?

- Offers of compensation could continue to be an option consumers can pursue off-MLS through negotiation and consultation with real estate professionals. And sellers can offer buyer concessions on an MLS (for example—concessions for buyer closing costs).
- Compensation would continue to be negotiable and should always be negotiated between agents and the consumers they serve.

40. What is the mechanism for brokerages with residential transaction volume in 2022 that exceeded \$2 billion to obtain releases?

- NAR secured in the agreement a mechanism for nearly all brokerage entities that had a residential transaction volume in 2022 that exceeded \$2 billion to obtain releases efficiently if they choose to use it. However, the remaining defendants in the actions covered by the Agreement cannot use the opt-in mechanism.
- Broadly speaking, the opt-in provides two paths:
 - Option 1: A brokerage can elect to pay an amount based on a predetermined formula based that brokerages residential transaction volume.
 - Option 2: A brokerage can elect to participate in non-binding mediation within 110 days following preliminary approval of the settlement.
 - Brokerages can also choose not to participate in this settlement.
- All agreements reached through this mechanism would be subject to court approval.

41. What is the mechanism for non-association MLSs to obtain releases?

- For MLSs that are not wholly owned by a REALTOR® association, the agreement includes a mechanism to obtain a release efficiently if they so choose.
- Broadly speaking, the agreement provides two paths:
 - Option 1: The MLS can elect to pay an amount based on a pre-determined formula based on number of MLS subscribers.

- Option 2: The MLS can elect to participate in non-binding mediation within 110 days following preliminary approval of the settlement.
- Under both options, participating non-association MLSs would agree to be bound by the practice changes set forth in the settlement agreement, including and not limited to the adoption of a rule prohibiting offers of compensation on that MLS.
- Non-association MLSs can also choose not to participate in this settlement.

42. Does the fact that the release does not cover everybody mean that NAR has left large corporate brokerages and affiliated agents to fend for themselves?

- Absolutely not.
- NAR fought to include as many people and companies in the release as possible and achieved a release for everyone it could. Over one million members are covered, as are tens of thousands of REALTOR® businesses.
- The scope of the release makes clear that NAR looked out for its members. Ultimately, NAR was able to ensure that agents, even those at brokerages that are not covered, are among the more than one million members released.
- But, despite NAR’s efforts, plaintiffs would 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.
- They can choose whether or not to use the mechanism NAR negotiated.
- Our options included reaching a settlement – whose terms were always going to be affected by the large settlements reached by other corporate defendants – or continuing to appeal the Sitzer-Burnett verdict and litigate the related cases.
- That second option likely would have resulted in our filing for Chapter 11 protection, leaving all members, associations, MLSs, and brokerages exposed.

43. How do I know if I’m covered by the settlement?

- There have been a lot of incorrect statements about the releases in the NAR settlement.
- To be clear, nearly every REALTOR® is covered by the release we negotiated in the settlement.
- The members not covered under our release are those affiliated with HomeServices of America, the last co-defendant in the Sitzer-Burnett litigation, and the employees of the co-defendants in the Gibson and Umpa cases.
- If you are affiliated with any of the following brokerage groups and are an independent contractor, **you are covered by the proposed settlement** — even if your brokerage may not be covered:
 - At World Properties, LLC; Compass, Inc.; 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; Real Broker, LLC; The Real Brokerage, Inc.; Realty ONE Group, Inc.; Redfin Corporation; United Real Estate; and Weichert Realtors.
- All other REALTORS® who are members of NAR on the date of class notice are covered by the release we obtained under this proposed settlement.

- The release specifically includes all brokerage firms with a principal who is a REALTOR® whose residential transaction volume in 2022 was 2 billion dollars or below.
- Unfortunately, and despite our best efforts to fight for their inclusion, the release does not include brokerage firms whose residential transaction volume in 2022 was above 2 billion dollars.
 - For those companies, the settlement provides an avenue they can pursue if they desire to be included in the release — but to be clear, the settlement does not obligate any of those companies to settle under these terms.
 - The settlement provides a cap and an opportunity to mediate a different outcome but it does not obligate these top brokerages to pursue this option if they don't desire.
- Notably, the release also includes every local, state, and territorial REALTOR® association and all REALTOR® association-owned MLSs that agree to the conduct changes.

1. What are interested party contributions?

- Fannie Mae, Freddie Mac, and the FHA specify limits on how much a seller or broker can contribute to the buyer to pay for services typically paid by the buyer. These payments are called interested party contributions (IPCs).

2. Is compensation paid by a seller or listing broker to a buyer broker considered an IPC?

- No. The agencies exclude fees “traditionally” or “customarily” paid by the seller from the IPCs.

3. Does the recently announced NAR settlement change that? Is compensation paid by a seller or listing broker to a buyer broker now an IPC?

- The settlement would preserve the choices consumers have regarding real estate services and compensation. After the new rule goes into effect, listing brokers and sellers could continue to offer compensation for buyer broker services, but such offers could not be communicated via the MLS.
- Based on our interpretation of current guidance that Fannie Mae, Freddie Mac, and FHA provide on this point, we do not expect compensation paid by a seller or listing broker to a buyer broker to become an IPC.
- NAR is working to get verification on this point.

4. So does the settlement change access to mortgages for buyers?

- No. Under the settlement, buyers still have the same options when it comes to compensating their real estate representatives. That is, the listing brokers can compensate the buyer broker, the seller can compensate the buyer broker, or the buyer can compensate their broker directly.
- Based on our interpretation of current guidance, buyers should still be able to get financing from Fannie Mae, Freddie Mac, and the FHA under these scenarios.
- NAR is working to verify that this interpretation will hold. However, none of these agencies will allow the buyer to finance a commission into the mortgage at this time.

5. What about VA loans and the prohibition on buyers paying commissions directly?

- The VA has not addressed whether it will change its requirement prohibiting VA buyers from paying the commission.
- NAR has engaged with the VA on this issue, and we remain committed to working with the VA so that veterans are not left out of the market or forced to consider alternative loan products.

6. Can real estate commissions be financed?

- Financing commissions is not feasible under the current structure of the residential mortgage finance system, and there is no clear short-term legislative or regulatory fix.
- Banks would treat such a loan as a personal loan that would have higher rates and they would limit access to those loans to borrowers with better credit profiles. Furthermore, that personal loan would add to the buyers' liabilities and make it harder to qualify for the mortgage they are seeking.

- Fannie Mae, Freddie Mac, and FHA do not allow commissions to be added to the balance of the mortgage. Simply put, investors will only lend against the asset they can take back and sell in a foreclosure. An investor would not be able to take back and sell the commission for a service like real estate brokerage.
- Finally, there are significant limits to adding commissions to the mortgage rate. Several rules that make up the foundation of mortgage finance would need to be changed by the regulators and Congress. Those rules took years to develop, implement, and refine, and changing them could take years, potentially a decade or more.

7. What is NAR doing to promote access to financing for home buyers?

- As noted above, IPCs do not currently affect the availability of financing and that is not expected to change.
- NAR is working with our partners in the lending community to gain greater clarity on guidance from the agencies and to maintain the steady flow of funding for closing home purchases.
- NAR also continues to advocate for policies that could benefit potential homebuyers and expand opportunities for Americans to achieve homeownership.

It was mentioned a while back about having a negotiable section in the listing agreement for compensation to other agents. However, it was also pointed out that - homes have a price - offered at _____, and it can be argued that an offer of compensation should be the same way.

No Action was taken.

MOTION to adjourn, motion passed

Next meeting will be Thursday, March 21st 1:00 pm

Fields in MLS Input Related to Commission/Compensation.

(58)	Agent R	<input type="text" value="ROB HULSE"/>
(59)	Listing Office 1 R	<input type="text" value="LAWRENCE MULTI LIST SERV."/>
(60)	Agent 2	<input type="text"/>
(61)	Listing Office 2	<input type="text"/>
(62)	Commission Based On R	<input type="text"/>
(212)	Dual or Variable Rate Commission?	<input type="text" value="v"/>
(218)	Exclusions to the Exclusive Right to Sell?	<input type="text" value="v"/>
(63)	Comm: Seller Agent	<input type="text"/>
(64)	Comm: Sub-Agent R	<input type="text"/>
(65)	Comm: Buyer Agent R	<input type="text"/>
(66)	Comm: Des Agent R	<input type="text"/>
(67)	Comm: Transaction Broker R	<input type="text"/>
(68)	List Agent Status	<input type="text" value="v"/>

EXCLUSIVE RIGHT OF SALE

For use by members of the Lawrence Board of REALTORS®

This Agreement made and entered into by and between _____ as principal/seller

(hereinafter referred to as "SELLER") of the herein described real property hereby agrees with _____ as SELLER'S Broker (hereinafter referred to as "Broker"), Listing Broker, Kansas, that for and in consideration of your agreement to list the following property, and to use your efforts to find a purchaser therefore, SELLER hereby gives the Listing Broker the sole and exclusive right, from this

date, _____, 20____, until _____, 20____, to sell for SELLER the following described real property:

_____ for the sum of \$ _____ upon the following terms and conditions:

Non-realty items to be included:

- (1) SELLER agrees to pay Listing Broker, as compensation for services rendered, a cash commission of _____% of the **Select one:** Gross sale price or Net sale price (Net sale price is defined as the contract sales price, less any amount of BUYER closing costs and pre-paid that are paid by SELLER, which are included in the sales contract on the sales contract effective date, and not previously offered by the SELLER in the MLS), said commission to be due and payable on the happening of any of the following events, to wit:
 - a. If a sale or exchange is made or a purchaser is found who is ready, willing and able to purchase the property before the expiration of this listing, by the Listing Broker named above or by SELLER, or through any other person at the above price and terms, or for any other price and terms SELLER agrees to accept; or
 - b. Such compensation shall be paid if property is sold, conveyed or otherwise transferred within _____ days after the termination of this agreement or any extension thereof to anyone to whom the property was shown or submitted prior to final termination. However, SELLER shall not be obligated to pay such compensation if a valid Exclusive Right of Sale agreement is entered into during the term of said protection period with another licensed real estate broker and the sale, lease or exchange of the property is made during the term of said protection period.
- (2) SELLER agrees that if a forfeiture of the earnest money should occur, the earnest money of the defaulting purchaser shall be divided equally between the SELLER and Listing Broker, Listing Broker's share not to exceed a full commission.
- (3) SELLER also certifies that SELLER has the authority to sign this agreement and to pass title to this property when it is sold.
- (4) SELLER agrees to provide all pertinent information pertaining to the above-described property and gives Listing Broker the right to obtain and disseminate any and all information, including mortgage information necessary and helpful in attempting to complete a sale of the property. The final sale price may be made known to Multiple Listing Service members.
- (5) SELLER understands that Listing Broker agrees to and will keep all information about SELLER confidential, unless: Disclosure is authorized under this contract; disclosure is required by statute, rule or regulation; or failure to disclose would constitute a fraudulent misrepresentation.
- (6) SELLER understands that Listing Broker will disclose to all prospective buyers all adverse material facts actually known by the Listing Broker, including but not limited to: (1) Any environmental hazards affecting the Property which are required by law to be disclosed; (2) the physical condition of the property; (3) any material defects in the property; (4) any material defects in the title to the property; and (5) any material limitation on SELLER's ability to perform under the terms of any agreement to sell real estate.
- (7) SELLER hereby directs that all information pertaining to this listing be submitted to and disseminated by the Multiple Listing Service of the Lawrence Board of REALTORS®, Inc. (including Internet). Withholding of listing information from the Multiple Listing Service can be accomplished only by signing the AUTHORIZATION TO WITHHOLD FROM MULTIPLE LISTING SERVICE waiver provided below. Withholding of listing information from the Internet can be accomplished only by signing the INTERNET SELLER OPT-OUT provision provided below.
- (8) SELLER agrees to furnish a Title Insurance Policy, in an amount equal to the consideration paid, to complete said sale and to pay any expense incurred in perfecting the title in case same is found defective, and to convey the property by an appropriate deed, executed by all persons having any interest, and with the usual covenants of warranty. It is further agreed that SELLER will sign and place this deed in escrow following SELLER'S acceptance of an offer to purchase the herein described property.
- (9) Possession to be given: _____
- (10) It is expressly understood that the Listing Broker has no responsibility for warranties or representations made directly or indirectly by the SELLER to BUYER in the sale of the property.
- (11) The Listing Broker will not be responsible for vandalism, theft or damage to the property for the duration of this listing, except by reason of Listing Broker's own negligence.



(12) SELLER understands that Brokers and real estate licensees of the Lawrence Board of REALTORS® comply with all federal, state and local fair housing laws and regulations.

(13) SELLER understands and agrees that no agency relationship is created between Lawrence Multiple Listing Service, Inc., and SELLER.

(14) SELLER understands that appointments to show may only be made through the Listing Agency as per published listing instructions, and that any sale made as a result of this listing may be escrowed by the Listing Agency.

(15) It is specifically agreed that the legal relationship created between the SELLER and the Listing Agent is that of Principal and Agent.

(16) SELLER acknowledges receiving the "Real Estate Brokerage Relationships" brochure. _____ / _____
(initials)

Types of Brokerage Relationships: A real estate licensee may work with a buyer or seller as a seller's agent, buyer's agent or transaction broker. The disclosure of the brokerage relationship between all licensees involved and the seller and buyer must be included in any contract for sale and in any lot reservation agreement.

Seller's Agent: The seller's agent represents the seller only, so the buyer may be either unrepresented or represented by another agent. In order to function as a seller's agent, the broker must enter into a written agreement to represent the seller. Under a seller agency agreement, all licensees at the brokerage are seller's agents unless a designated agent is named in the agreement. If a designated agent is named, only the designated agent has the duties of a seller's agent and the supervising broker of the designated agent functions as a transaction broker.

Buyer's Agent: The buyer's agent represents the buyer only, so the seller may be either unrepresented or represented by another agent. In order to function as a buyer's agent, the broker must enter into a written agreement to represent the buyer. Under a buyer agency agreement, all licensees at the brokerage are buyer's agents unless a designated agent is named in the agreement. If a designated agent is named, only the designated agent has the duties of a buyer's agent and the supervising broker of the designated agent functions as a transaction broker.

A Transaction Broker is not an agent for either party and does not advocate the interests of either party. A transaction brokerage agreement can be written or verbal.

(17) SELLER understands that Broker may show alternative properties not owned by SELLER to prospective BUYERS and may list competing properties for sale without breaching any duty or obligation to SELLER. SELLER also understands and agrees that as part of marketing the property, Broker will be showing BUYERS properties other than SELLER'S and providing BUYERS with information on selling prices in the area.

(18) **SELLER'S Acknowledgment of Potential for Broker to Act as TRANSACTION BROKER.** SELLER acknowledges that Broker may have clients who have retained Broker to represent them as a BUYER in the acquisition of property. If a BUYER client becomes interested in making an offer on SELLER'S property, then the Broker would become a Transaction Broker **unless designated agents have been appointed pursuant to paragraph 18.** A Transaction Broker Addendum to their Agency Agreements with the Broker must be signed by the BUYER prior to writing an offer to purchase the property and by the SELLER prior to signing the purchase contract. As a transaction Broker, Broker would **assist the parties with the transaction without being an agent or advocate for the interests of either party**, and would not, without prior consent of both parties, disclose any information or personal confidences about a party which might place the other party at an advantage.

(19) **SELLER'S Acknowledgment of Possible DESIGNATED AGENT RELATIONSHIP.** A designated agent is a real estate licensee affiliated with a Broker who has been designated by the Broker, or the Broker's duly authorized representative, to act as the agent of a Broker's BUYER or SELLER client to the exclusion of all other affiliated licensees.

- a. **If a designated agent IS NOT appointed to represent SELLER,** SELLER understands that another licensee with the brokerage firm may act as a designated agent for a BUYER who may be interested in SELLER'S property. If this should occur, SELLER understands that:
 1. The supervising Broker (or branch Broker, if applicable) will act as a Transaction Broker or may appoint an affiliated licensee to act in the transaction as a Transaction Broker.
 2. The designated agent for the BUYER will perform all of the duties of a BUYER'S Agent and will be the BUYER'S legal agent to the exclusion of all other licensees in the brokerage firm.
 3. All other licensees affiliated with the firm will represent the SELLER in the sale of SELLER'S property and will perform all of the duties of a SELLER'S Agent.
- b. **If a designated agent IS appointed to represent SELLER,** SELLER understands that:
 1. The designated agent will perform all of the duties of a SELLER'S Agent and will be SELLER'S legal agent to the exclusion of all other licensees in the brokerage firm.
 2. Another licensee with the brokerage firm may act as a designated agent for the BUYER in the sale of SELLER'S property.
 3. The supervising Broker (or branch Broker, if applicable) will act as a Transaction Broker or may appoint an affiliated licensee to act in the transaction as a Transaction Broker.
 4. If the designated agent for SELLER is also the designated agent of a BUYER who is interested in SELLER'S property, the designated agent cannot represent both SELLER and BUYER. With the informed consent of both BUYER and SELLER, the designated agent may act as a Transaction Broker.
 5. If a BUYER client of a designated agent wants to see a property which was personally listed by the supervising Broker, the supervising Broker, with the written consent of SELLER, may specifically designate an affiliated licensee who will act as designated agent for SELLER.



(20) **SELLER consents to:** (Please initial below)

- a. Supervising/Branch Broker acting as a Transaction Broker: YES _____ / _____ NO _____ / _____
- b. A designated agent for the BUYER: YES _____ / _____ NO _____ / _____
- c. A designated agent for the SELLER: YES _____ / _____ NO _____ / _____
- d. _____ : YES _____ / _____ NO _____ / _____
(Acting as SELLER'S Designated Agent)
- e. SELLER'S Designated Agent acting as a Transaction Broker if he/she is also designated agent for the BUYER: YES _____ / _____ NO _____ / _____

(21) SELLER agrees that the Broker may:

- Offer to BUYER'S Agents: Cooperation: YES _____ / _____ NO _____ / _____
- Compensation: YES _____ / _____ NO _____ / _____
- Offer to Transaction Brokers: Cooperation: YES _____ / _____ NO _____ / _____
- Compensation: YES _____ / _____ NO _____ / _____

(22) Home Warranty. The SELLER is aware that a home protection plan is available for the property which may increase the marketability of the property and reduce the SELLER'S risk. The SELLER **agrees**, **does not agree** to purchase a home buyer's warranty plan from

_____ at a cost not to exceed \$ _____ (amount not to include cost for seller's coverage) to be paid at closing. A separate application defining the parameters of the plan will be signed at the time this

listing is executed. The SELLER **agrees**, **does not agree** to purchase SELLER'S coverage at a cost of \$ _____.

(23) a. Pre-Inspection. The SELLER has the option to obtain a pre-inspection of the property in order to find out, in advance of obtaining a contract for sale of the property, what items might be addressed for repair and disclosure to any prospective BUYER. Any and all inspection reports obtained must be provided to prospective BUYERS along with the SELLER'S Disclosure Statement. SELLER is encouraged to review the Inspector List maintained by this agency and choose a reputable inspector of SELLER'S choice.

b. SELLER agrees to leave all utilities on to allow a prospective BUYER reasonable right of inspection of the property and further agrees to leave utilities on until the expiration of this contract or until closing of a sales transaction, whichever is later. In consideration for the Broker arranging for any inspections at SELLER'S request, the SELLER hereby agrees to indemnify and hold harmless the Broker, his/her agents and employees from any liabilities, costs, expenses resulting from any action taken by said company with respect to said inspection.

(24) SELLER represents and warrants that SELLER is familiar with the premises and has disclosed to Listing Agent, in the Seller's Disclosure Statement that is attached hereto, all information or defects of which the SELLER is aware and warrants that said disclosures are true and accurate representations of the condition of the property at the time of execution of this Exclusive Right of Sale agreement.

(25) **SELLER agrees to thoroughly review the listing information prepared by the Broker and advise the Broker immediately of any errors or omissions.** SELLER agrees to indemnify and hold Listing Broker, Listing Agent, the Lawrence Board of REALTORS®, Inc., The Lawrence Multiple Listing Service, Inc., their agents and employees, harmless from any and all claims for damage made by any person alleging to be or have been harmed by any failure to disclose, or misrepresentation of pertinent information arising out of the sale of the property which is the subject of this Exclusive Right of Sale agreement, which damage shall include, but not be limited to: attorney's fees, court costs, costs of defense and damage alleged or determined to have been suffered by the party asserting the claim.



(26) The parties agree that the Seller's Disclosure Statement executed concurrently herewith is a part of this Exclusive Right of Sale agreement.

(27) All pronouns, singular or plural, masculine, or feminine, shall mean and include the person, entity, firm or corporation to which they relate as the context may require. Wherever the context may require, the singular shall mean and include the plural and plural shall mean and include the singular.

(28) SELLER grants to Listing Broker an irrevocable, perpetual, non-exclusive and fully sub-licensable and assignable license (through multiple tiers) to use, reproduce, modify, adapt, publish, create derivative works from, distribute, perform, and display any photographs, floor plans, architectural drawings, video images, sounds, or other copyrightable material related to the Property ("Works"), and to incorporate any such Works (in whole or in part) into other Works in any form, media, or technology now known or later developed.

This non-exclusive license shall survive the termination of this Contract. SELLER represents and warrants to Listing Broker that the license granted to Listing Broker for this listing Content does not violate or infringe upon the rights, including any copyright rights; of any person or entity. SELLER acknowledges and agrees that all listing content is owned exclusively by Listing Broker, and SELLER has no right, title or interest in listing content.

(29) **Electronic Signatures and Transactions:** BROKER and SELLER agree that this transaction may be conducted through electronic means according to the Kansas Uniform Electronic Transactions Act. However, the BROKER has no authority or power of attorney to enter into electronic agreements with other parties on behalf of the SELLER without the SELLER'S explicit authorization.

(30) The Listing Agent has explained to SELLER the electronic lockbox system endorsed by the Lawrence Board of REALTORS® wherein an electronic lockbox is attached to, and/or placed at, the above-listed property in which keys to the property located therein are placed. Said electronic lockbox may be opened only by members of the Lawrence Board of REALTORS® and Lawrence Multiple Listing Service. The Listing Agent/Broker may extend access to 3rd parties with a one-day access code or temporary electronic access. SELLER hereby authorizes the Listing Agent to use the electronic lockbox system in offering SELLER'S home for sale.

SELLER AUTHORIZES THE USE OF:

LBOR Electronic Lockbox System (Please Initial): YES _____ / _____ NO _____ / _____

- a. In the event that Seller has authorized Broker to use a mechanical combination lockbox (or other alternative not endorsed by the Lawrence Board of REALTORS®), in place of, or in addition to the electronic lockbox system endorsed by the Lawrence Board of REALTORS® on the Property, Seller understands that a mechanical combination lockbox system does not require electronically secure access to open the lockbox, and instead is accessible by a mechanical combination code that is less secure than the electronic lockbox system endorsed by the Lawrence Board of REALTORS.

SELLER AUTHORIZES THE USE OF:

Combination (or other alternative) Lockbox (Please Initial): YES _____ / _____ NO _____ / _____

SELLER, BY THESE PRESENTS, HEREBY WAIVES ANY CLAIM OR RIGHT SELLER MIGHT HAVE AGAINST THE LAWRENCE BOARD OF REALTORS® AND THE LAWRENCE MULTIPLE LISTING SERVICE, THE LISTING BROKER, OR LISTING AGENT FOR ANY DAMAGES (Personal or Physical) AND/OR ENTRY CAUSED BY THE UNLAWFUL USE OR OTHER ENTRY GAINED BY THE USE OF THE LOCKBOX SYSTEM(S) AUTHORIZED BY THE SELLER.

Seller Acknowledges (Please initial): _____ / _____

- () Listing Agent has SELLER'S permission to put a sign in yard.
- () Listing Broker has SELLER'S permission to include listing information in the Internet Data Exchange Database.

Virtual Office Website (VOW) Options:

- Listing Broker **DOES**, or **DOES NOT** have SELLER'S permission to allow display of an automated estimate of the market value (AMV) of the listing (or hyperlink to such estimate) in immediate conjunction with the listing as displayed on a Virtual Office Website (VOW).
- Listing Broker **DOES**, or **DOES NOT** have SELLER'S permission to allow "third parties to write comments or reviews about the listed property, or display a hyperlink to such comments or reviews, in immediate conjunction with the listing as displayed on a Virtual Office Website (VOW).

(31) Special Provisions: _____



This is a legally binding contract. SELLER acknowledges the opportunity to obtain legal and tax counseling to review this Contract.

SELLER hereby accepts the above listing and agrees to the terms thereof.

LISTING AGENCY _____

SELLER _____
Signature Date

SELLER Name _____

LISTING AGENT _____
Signature Date

SELLER _____
Signature Date

SELLER Name _____

ADDRESS _____

PHONE _____

AUTHORIZATION TO WITHHOLD FROM INTERNET

1. Initial One (either A. or B.):

A. _____ / _____ I have advised my broker or sales agent that I **Do NOT** want the listed property to be displayed on the Internet;

B. _____ / _____ I have advised my broker or sales agent that I **Do NOT** want the address of the listed property to be displayed on the Internet.

2. I understand and acknowledge that, if I have selected Option A, consumers who conduct searches for listings on the Internet **Will NOT** see information about the listed property in response to their search.

SELLER _____
Signature Date

SELLER _____
Signature Date



AUTHORIZATION TO WITHHOLD FROM MULTIPLE LISTING SERVICE

SELLER acknowledges that the advantages of the Multiple Listing Service have been explained to SELLER but, for personal reasons, **SELLER is directing that listing information on SELLER'S property NOT be disseminated to other participants in the Multiple Listing Service.** SELLER authorizes the Listing Broker to notify MLS of a signed sales contract on the property and authorizes the dissemination of sales information, including selling price, to members of the Multiple Listing Service to be used in establishing market value for other properties.

SELLER has been advised that, effective January 1, 2020, the Lawrence MLS has adopted the Clear Cooperation Policy approved by the National Association of REALTORS®. Pursuant to the Clear Cooperation Policy, if a residential property is marketed to the public for sale, **it must be submitted to the MLS for cooperation with other MLS participants** within one (1) business day of the public marketing. Public marketing includes, but is not limited to, flyers displayed in windows, yard signs, digital marketing on public facing websites, brokerage website displays (including IDX and VOW), digital communications marketing (email blasts), multi-brokerage listing sharing networks, and applications available to the general public.

TYPES OF LIMITED VISIBILITY IN THE MLS:

Select one

- AGENT EXCLUSIVE** – the Seller’s property is visible in the MLS to only the Listing Agent and the Supervising Broker.
- OFFICE EXCLUSIVE** – the Seller’s property is visible in the MLS to only the Listing Agent, Supervising Broker, and Agents working in the Listing Agent’s Office.
- FIRM EXCLUSIVE** – the Seller’s property is visible in the MLS to only the Listing Agent, Supervising Broker, and Agents working in the Listing Agent’s Office as well as other branch Offices of the Listing Company.

LISTING BROKER SIGNATURE REQUIRED FOR AGENT EXCLUSIVE

BROKER _____
Signature Date

SIGNATURE OF AGENT EXPLAINING MLS ADVANTAGES:

LISTING AGENT _____
Signature Date

SIGNATURE(S) TO WITHHOLD LISTING INFORMATION:

SELLER _____
Signature Date

SELLER _____
Signature Date



BUYER'S RECEIPT OF DISCLOSURE STATEMENT

BUYER acknowledges that this disclosure does not constitute a warranty. The BUYER is urged to carefully inspect the property and to have the property inspected by a qualified inspector. The BUYER understands that there are areas of the property of which the SELLER has no knowledge, and this disclosure statement does not encompass those areas. The BUYER also acknowledges that he has read and received a signed copy of this statement from the SELLER or SELLER'S Agent. The BUYER acknowledges any personal property not included in the sales contract remains the property of the SELLER.

BUYER'S RIGHT TO PROFESSIONAL COUNSEL: BUYER acknowledges and agrees that the purchase of real property encompasses many professional disciplines, and while Broker possesses considerable general knowledge, Broker is not expert in matters of law, tax, financing, surveying, structural conditions, hazardous material, engineering, etc. BUYER acknowledges that BUYER has been advised by Broker to seek professional expert assistance and advice in those and other areas of professional expertise. In the event that Broker provides to BUYER names or sources for such advice and assistance, BUYER acknowledges and agrees that Broker does not warrant or guarantee such services and/or products.

BUYER herein understands that outside legal and tax counsel is recommended. Comprehensive mechanical, structural and other inspections are recommended. If, at BUYER'S option and choice, BUYER decides not to conduct inspections or obtain tax and legal counsel before closing, then BUYER accepts the Property in its present condition and will make no claim against SELLER, Brokers, or agents, based upon the lack of tax or legal counsel or based on any known or unknown past, current, or future condition of the above property and/or its improvements including but not limited to latent or patent defects, repairs, or replacements.

BUYER is advised to check with local municipality for regulatory guidelines related to the property's use.

BUYER is advised that school boundaries are subject to change.

BUYER is advised that Kansas law requires persons who are convicted of certain sexually violent crimes after April 14, 1994, to register with the sheriff of the county in which they reside. BUYER is advised that information regarding those registrants may be available through the Kansas Bureau of Investigation (home page address: <http://www.kansas.gov/kbi/>) or by contacting the local sheriff's office.

BUYER is advised that fungal contaminants (molds, etc.) may exist in the Property of which the Seller is unaware. These contaminants generally grow in places where there is excessive moisture, such as where leakage may have occurred in roofs, pipes, walls, plant pots, or where there has been flooding. A professional home inspection may not disclose fungal contaminants. BUYER may wish to obtain an inspection specifically for fungal contaminants to more fully determine the condition of the Property and its environmental status. Companies may be found in the Yellow Pages under "Environmental and Ecological Consultants," or "Environmental and Ecological Equipment and Services." Additional information about mold/fungal contaminants may be found at the following Internet Web Site: <http://www.cdc.gov/mold/faqs.htm>.

RADON: Every buyer of residential real property is notified that the property may present exposure to dangerous concentrations of indoor radon gas that may place occupants at risk of developing radon-induced lung cancer. Radon, a class-A human carcinogen, is the leading cause of lung cancer in non-smokers and the second leading cause overall. Kansas law requires sellers to disclose any information known to the seller that shows elevated concentrations of radon gas in residential real property. The Kansas Department of Health and Environment recommends all homebuyers have an indoor radon test performed prior to purchasing or taking occupancy of residential real property. All testing for radon should be conducted by a radon measurement technician. Elevated radon concentrations can be easily reduced by a radon mitigation technician. For additional information go to <http://www.kansasradonprogram.org>. BUYER acknowledges that SELLER does not warrant code compliance.

Print BUYER NAME and Title (if Applicable)

BUYER Signature Date

Print BUYER NAME and Title (if Applicable)

BUYER Signature Date

SELLER initial/Date _____

SELLER initial/Date _____



BUYER initial/Date _____

BUYER initial/Date _____



Cooperation Agreement Between Brokers

1 The undersigned Brokers, hereinafter referred to as "Listing Broker" and "Selling Broker," desiring to
2 cooperate in the sale of real property described as:

3 _____
4 _____
5 _____

6
7 Hereby agree as follows:

8 1. Licensee assisting Buyer shall be (check One (1) of the following):

- 9 Transaction Broker
- 10 Subagent of Listing Broker
- 11 Buyer's Agent
- 12 Designated Buyer's Agent

13 2. Licensee assisting Seller hereby authorizes the Selling Broker to offer the above property
14 (check all that apply):

- 15 For Sale
- 16 For Exchange
- 17 For Lease and to accept a deposit thereon

18 3. Listing Broker authorizes Selling Broker to offer the above property for sale, exchange or lease
19 as herein above provided in accordance with the terms and conditions of the Listing Agreement
20 entered into between Listing Broker and Seller.

21 4. Selling Broker agrees to submit all offers to Listing Broker and agrees further that
22 Selling Broker shall not present any offers directly to the Seller, without Listing Broker's prior
23 written consent.

24 5. In the event a sale, exchange, or lease of the above property is made to an offeror produced by
25 Selling Broker, Listing Broker agrees, upon completion of the transaction, to pay to
26 Selling Broker _____ (% of the selling price or dollar amount). If Listing Broker and Seller
27 modify the Listing Agreement with respect to the brokerage fee payable, such modification shall,
28 upon written consent of the Selling Broker, be binding upon Selling Broker.

29 6. Selling Broker agrees to use courtesy and consideration for the Seller in showing property
30 and to follow Listing Broker's instructions for showing the property.

31 7. The agreement shall be effective when signed by both the Listing Broker and Selling Broker
32 and shall terminate upon the Seller's entering into and closing a contract for the sale, exchange
33 or lease of the property, or on _____, 20____, whichever shall first
34 occur.

35 8. While this agreement shall be in effect, Selling Broker shall not contact or communicate with
36 the Seller without authorization and shall not accept any authorization from the Seller to sell,
37 exchange or lease said property.

38 9. It is expressly understood that this agreement does not extend to Brokers other than the
39 undersigned.

41 _____	_____
42 Listing Brokerage	Selling Brokerage
43 _____	_____
44 Broker's Signature	Broker's Signature
45 _____	_____
46 _____	_____
47 Licensee Assisting Seller	Licensee Assisting Buyer

Approved by Legal Counsel of the Kansas City Regional Association of REALTORS® for exclusive use by its REALTOR® members. No warranty is made or implied as to the legal validity or adequacy of this Contract, or that it complies in every respect with the law or that its use is appropriate for all situations. Local law, customs and practices, and differing circumstances in each transaction may dictate that amendments to this Contract be made. Last revised 10/21. All previous versions of this document may no longer be valid. Copyright January 2024.

CONFIRMATION OF AGENCY RELATIONSHIP, APPOINTMENT & COMPENSATION
[Consult "Guidelines" (Form 220G) for guidance in completing this form]
NOTE: When working with an Unrepresented Seller (For Sale By Owner) you should use Form 150.

Draft 11-4-2019

TO LISTING AGENT: _____

FIRM NAME: _____

FAX#: _____ Email: _____

FROM SELLING AGENT: _____

FIRM NAME: _____

FAX#: _____ Email: _____

Thank you for checking with your seller and permitting me to show your listing as a buyer agent subagent of seller.

PROPERTY DESCRIPTION: _____

NAME OF BUYER: _____

APPOINTMENT DATE: _____ TIME: _____

FEE ARRANGEMENT:

(a) You hereby confirm that your offer of compensation to my firm regarding any sale of the Property to Buyer shall be as follows: _____

I understand that my firm's entitlement to the compensation set forth above will be determined by my performance as the procuring cause of any sale of the Property to Buyer. **Your signature on this document does not constitute an acknowledgment that I am the procuring cause of any such sale.**

(b) If I have received or am to receive any other fee(s) in connection with the sale of the Property, I hereby confirm that such fee(s) are as follows: _____

Please sign below and fax or email this Confirmation back to me at your earliest convenience. Please call me at my office: _____ or at : _____ if there are any further instructions or communications prior to the showing. Thank you for your cooperation.

THE NORTH CAROLINA ASSOCIATION OF REALTORS® , INC. MAKES NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION.

Listing Agent Date

Selling Agent Buyer agent Subagent of Seller Date

ACKNOWLEDGEMENT BY BUYER AND/OR SELLER (Optional—see Guidelines)

Seller hereby acknowledges receipt of a copy of this form and consents to the fee arrangements set forth herein.

Seller: _____

Date: _____

Seller: _____

Date: _____

Entity Seller: _____

(Name of LLC/Corporation/Partnership/Trust/etc.)

By: _____

Name: _____

Title: _____

Date: _____

Buyer hereby acknowledges receipt of a copy of this form and consents to the fee arrangements set forth herein.

Buyer: _____

Date: _____

Buyer: _____

Date: _____

Entity Buyer: _____

(Name of LLC/Corporation/Partnership/Trust/etc.)

By: _____

Name: _____

Title: _____

Date: _____





AUTHORIZATION TO SHOW AND PAY BUYER BROKER
(Use When Showing Buyer a Property Sold by An Unrepresented Seller)

Seller _____
for Property known as _____
Buyer Broker _____
Buyer _____

1. **Show Property:** Seller consents to the showing of the above referenced Property by Buyer Broker to Buyer on _____ and at such future times as agreed to by Seller and Buyer Broker.
2. **Purchase Price:** The Property is offered for sale at a price of _____ Dollars (\$ _____) or any other price agreed upon in writing.
3. **Commission:** If Buyer enters into a Contract with Seller to purchase the above referenced Property within _____ days from the date of this Agreement, Seller agrees to pay Buyer Broker a real estate commission equal to _____ percent (_____ %) of the Purchase Price **OR** \$ _____.
The Commission shall be due and payable, in full, to Buyer Broker upon settlement. If Seller, after the Date of Contract Acceptance, cancels the Contract, fails to perform, or is otherwise in default of the Contract, Buyer Broker's fee is due, in full, no later than the Date of Settlement.
4. **Agency Disclosure:** Seller understands that Buyer Broker represents the interests of Buyer and acknowledges receipt of the Understanding Whom Real Estate Agents Represent disclosure form.

Buyer Broker (Company Name)

Seller Signature Date

Broker or Authorized Representative Date

Seller Signature Date

