



## PRESS RELEASE

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### Changes Impacting the Real Estate Industry

New real estate requirements go into effect on Saturday, August 17, as a result of a litigation settlement between the National Association of REALTORS® (NAR) and plaintiffs. The settlement's requirements seek to provide additional clarity to consumers in real estate transactions through disclosures of real estate professional fees and written buyer agreements.

Connecticut law has required written buyer-broker agreements since 1996. The Connecticut law requiring the disclosure that commissions are not set by law and negotiable was put in place 40 years ago.

"The settlement agreement does not establish new laws," explains REALTOR® Carl Lantz who serves as the 2024 President of CT REALTORS®. "It lays out specific practices that are required to be put in place by REALTORS® and multiple listing services to address specific concerns."

Here is what the settlement means for home sellers:

- The listing agent must expressly and conspicuously disclose to the seller and obtain seller approval for any payment or offer of payment that a listing broker will make to another broker representing buyers.
- This disclosure must be made to the seller in writing in advance of any payment or agreement to pay another broker representing the buyer and must specify the amount or rate of such payment.
- A listing broker can advertise compensation on a seller's listing in various ways including on social media, flyers and listing brokerage's website. Compensation offers can no longer be shared on multiple listing services (MLS).

Here is what the settlement means for homebuyers:

- Prospective buyers will need to sign a written agreement with their agent before touring a home. Written agreements apply to both in-person and live virtual home tours. Written agreements are not needed if prospective buyers are just speaking to an agent at an open house. Written representation agreements with buyers have been required in Connecticut for nearly thirty years.
- Buyer agreements must expressly state the terms negotiated with their agent, including what services will be provided by the buyer's agent, and the costs the buyer may be contractually obligated to pay as part of that agreement.
- There are many options available to buyers to fund professional fees to buyer brokers that remain unchanged with the settlement agreement.

REALTORS® have been preparing for the changes required by the settlement for several months.

“It’s good for everyone to have additional transparency in real estate transactions,” says REALTOR® Alexa Kebalo who serves as the CT REALTORS® 2024 First Vice President. “Commissions have always been negotiable and that doesn’t change. Under the settlement agreement, sellers can continue to offer listing broker or seller compensation towards buyer broker professional fees because it can provide the widest pool of potential buyers to consider the purchase. Many first-time buyers and first-generation buyers rely on using the cash they've saved towards the downpayment and other closing costs.”

With housing prices in Connecticut on the rise and low inventory, homebuyers and sellers benefit from working with a REALTOR® who has expertise in the market and can guide clients through the process. The main factors contributing to the increases in home prices are high demand, limited supply and high mortgage interest rates. “With interest rates expected to come down, we are hopeful the market will open up to those who are struggling to find a home within their budget and obtain a mortgage with more affordable monthly payments,” says Lantz.

*CT REALTORS® is the state’s largest trade association, representing nearly 19,000 members involved in all aspects of real estate in Connecticut.*