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## **Understanding the National Association of Realtors® Settlement: What it Means for Home Buyers and Sellers in Vermont**

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Vermont Association of Realtors®

On March 15, 2024, the National Association of Realtors® (NAR) announced a \$418 million settlement that would resolve litigation over claims in a national class action lawsuit brought on by home sellers related to broker's commissions. Much of the reporting surrounding this and what it means for the Vermont housing market has been inaccurate.

It's important to note that NAR does not set commissions or fees, and the proposed settlement would not change that. Realtors® professional service fees would continue to be negotiable among buyers, sellers, and their brokers. Sellers and buyers may decide to work with a Realtor® for many reasons, including helping to understand local market conditions, interpreting information found on the internet, negotiating the best price and terms, and navigating an often complex financing and closing process. Highly trained real estate professionals offer client advocacy and insights with required disclosures and regulations. They connect buyers and sellers with other reputable real estate-related professionals such as lawyers, lenders, contractors, and inspectors – any of which can make or break a transaction.

The commitment of Vermont Realtors® to their clients and the value they deliver have not wavered through market cycles and other industry changes. NAR's settlement is simply an attempt to increase communication and transparency in an ever-evolving real estate industry. The settlement would preserve consumers' choices regarding real estate services and compensation.

NAR and the Vermont Association of Realtors® (VAR) have long encouraged their members to use written representation agreements because these help consumers understand exactly what services and value will be provided and at what cost. While this practice has not been universally adopted across the US, we are proud to say that it has been in place in Vermont for many decades. Compensation will continue to be negotiable and should always be negotiated between real estate brokerages and the consumers they serve.

Many news stories focus on how the proposed changes in the settlement will make homes more affordable. This perspective fails to consider the most basic tenet of economics: supply and demand. The increase in home prices can be attributed to interest rates, inflation, and the lack of inventory. Vermont currently has a 6,800-unit housing shortage. Naturally, when few properties are available, the high demand from buyers causes prices to rise.

Ultimately, consumers will continue to be able to choose the real estate professional they want to work with and, through a written agreement, determine how much and how they will pay for that expertise, value, and guidance. NAR's proposed settlement and the associated practice changes will not change what makes Realtors® incredibly valuable: specialized knowledge, diligence, advocacy, and fiduciary responsibility to their buyer and seller clients.

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*The Vermont Association of Realtors® is a statewide association of over 2,000 real estate practitioners across Vermont.*