

# NAR slapped with second class-action lawsuit to end buyer broker compensation

**Suit alleges mandatory fees for buyer's brokers violate anti-trust laws**

[Jessica Guerin](#)

April 18, 2019

A second class-action lawsuit has been filed in protest of the buyer broker compensation rules set forth by the **National Association of Realtors**.

The suit, filed in the Northern District of Illinois on Monday by Minnesota-based corporation **Sawbill Strategic**, alleges that **NAR**, **Realty**, **HomeServices of America**, **RE/MAX** and **Keller Williams** violated federal antitrust laws by requiring property sellers to pay the buyer's broker an inflated fee.

The suit is nearly identical to [one filed last month](#) by a Minnesota home seller, which NAR called "baseless" and filled with "an abundance of false claims."

The suit alleges that the defendants conspired to drive up seller costs and reduce competition by requiring a home seller to pay compensation to the buyer's broker, even though their involvement in the transaction is minimal.

According to the suit, NAR's Commission Rule maintains a commission requirement for buyer's brokers of 2.5-3% of the home's sale price. This has not changed in recent years, even as buyers increasingly turn to online listing sites to find their homes and often only retain a broker once a property has been selected.

The suit alleges that buyer broker compensation rules have remained intact despite their changing role in the home purchase transaction because of a conspiracy among the defendants.


It also notes that in markets abroad – like the U.K., Germany, Israel, Australia, and New Zealand – buyer broker fees are paid by the buyer rather than the seller and that buyers pay brokers less than half the rate paid in the U.S.

"Defendants and their co-conspirators possess market power through control local MLSs, which are databases of properties listed for sale in a particular geographic region," the complaint states. "A majority of homes in the United States are sold on such MLSs. Through their control of the MLSs, Defendants and their co-conspirators have market power in the local markets for real estate broker services."

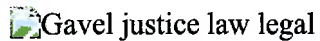
NAR also said this complaint was baseless and contains false claims.

"The U.S. courts have routinely found that Multiple Listing Services are pro-competitive and benefit consumers by creating great efficiencies in the home-buying and selling process," said NAR's VP of Communications, Mantill Williams. "The market for the brokerage of real estate is extremely competitive – to the benefit of buyers and sellers alike."

"As courts have long recognized, the MLS system in our country promotes efficiency and helps to advance the best interests of all the clients served by the Realtor members of NAR," Williams continued. "We believe that the lawsuit fomented by several plaintiffs' class action law firms is completely without merit. We will defend the challenged policies, and we are confident that we will prevail."

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Jessica Guerin is an editor at HousingWire covering reverse mortgages and the housing wealth space. She is a graduate of Boston University and has a master's degree from Northwestern's Medill School of Journalism. She worked previously as the editor-in-chief of The Reverse Review magazine, which was recently acquired by HousingWire.



# NAR files motion to dismiss anti-trust lawsuit over buyer broker commissions

Association fights back against class-action suit

[Jessica Guerin](#)

May 24, 2019

In the last three months, the **National Association of Realtors** has been hit with two nearly identical class-action lawsuits that claim its buyer broker compensation rules violate anti-trust laws.

The development has had Realtors in a frenzy over what it would mean for their livelihood if there were to be a change to the long-held practice of listing agents sharing a commission if another real estate agent brings in a buyer.

But NAR isn't rolling over without a fight.

Earlier this week, the association filed a motion to dismiss the [first suit](#), which was filed by a Minnesota home seller in March and also named **Realogy, HomeServices of America, RE/MAX and Keller Williams**.

The suit alleges that the MLS providers conspire with NAR to require sellers to pay buyer's broker's fees at inflated rates in violation of anti-trust laws, and that practice has "saddled home sellers with a cost that would be borne by the buyer in a competitive market."

NAR contests this assertion, claiming that it has no role in determining the buyer broker's fee.


"In fact, the commission offered to the buyer's broker is not at all determined by NAR or the MLS," said Katie Johnson, NAR's general counsel and chief member experience officer, in a [article](#) on its website. "And, contrary to what the class action law firms allege, the commission is subject to negotiation."

A spokesperson for NAR told HousingWire that the complaint was "baseless and contains an abundance of false claims," and the association's motion to dismiss essentially echoes this.

Time will tell if the court agrees.

In the meantime, NAR will likely move on to tackle the issue by responding to a [second class-action suit](#) filed in April, which Johnson also said was full of false allegations.

"The MLS has been around for well over 100 years and has contributed to an orderly and efficient marketplace," Johnson said. "We are going to aggressively defend ourselves, along with the rights that enable home buyers and sellers to continue to have access to a highly efficient market."

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