

### The New Consumer-Centric Approach

### 1st Difference

Listing Fee ONLY goes to the Listing Broker



### 2nd Difference

Agreement between Buyer and Broker is BEFORE any Showings



### 3rd Difference

Seller to pay Buyer Broker X% of the Purchase Price at Closing



## Different not



Skate to where the puck is going to be, not where it has been.

- Wayne Gretzky

### August 8th

- CRMLS has removed all compensation fields from listing input in Flexmls
  - Compensation fields will remain on Closed listings for historical purposes, but cannot be edited or changed

### August 13th

- CRMLS has removed all Compensation fields from listing input in Matrix and Paragon
  - Compensation fields will remain on Closed listings for historical purposes, but cannot be edited or changed
- New rules are now in effect for ALL users
- Concessions at Close have updated to include a category list for ALL users
- Warning messages have been added to listing input to inform users that compensation is no longer permitted
- Fines will now be imposed on all listings attempting to indicate forms of compensation

### C.A.R. Forms

- Residential Listing Agreement (RLA)
- Disclosure and Modification to Listing Agreement (DM-LA)
- Multiple Listing Service Addendum (MLSA)
- Buyer Representation and Broker Compensation Agreement (BRBC)
- Seller Payment to Buyer Broker (SPBB)

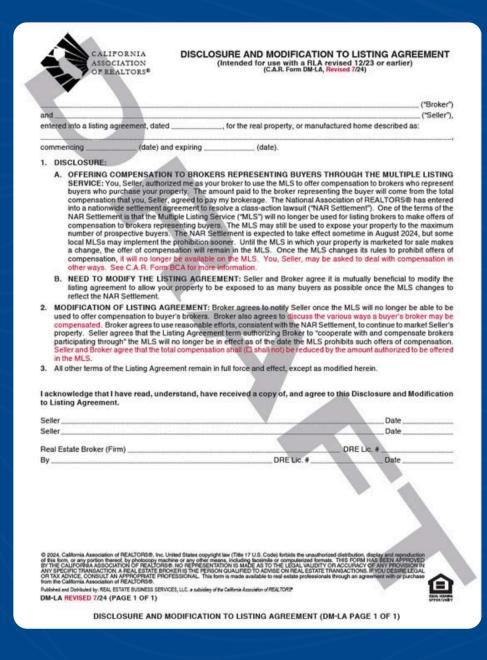
### Residential Listing Agreement (RLA)

- Biggest change: No fields for commission sharing
- Fields for Seller side only compensation
- Due to the above, when entering a listing in the MLS: either put "0" in the BAC field, OR do not include compensation in the MLS all together
- MLS-specific provisions (Clear Cooperation, Concessions, Coming Soon, etc.) have been moved to the MLSA



### Disclosure and Modification to Listing Agreement (DM-LA)

- Modifies listing agreements for listings affected by the rule changes and advises sellers of compensation rule changes
- Scenario 1: Use if you have an RLA effective prior to 8/13 for a listing that is the following statuses Active, Coming Soon, Withdrawn, or Hold
- Scenario 2: Use if you have an under contract (Active Under Contract, or Pending) listing that reverts to Active after 8/13



### Multiple Listing Service Addendum (MLSA)

- Addresses MLS benefits and rules separate from the RLA
- Deals with specific MLS issues and policies:
  - Clear Cooperation
  - Coming Soon
  - Concessions
  - Data/Photo Privacy



#### MULTIPLE LISTING SERVICE ADDENDUM

erms and conditions are hereby incorporated in and made a part of the Residential Listing Agreement. 

Other \_\_("Agreement")

is referred to as ("Broker")

- A. WHAT IS AN MLS? The MLS is a database of properties for sale that is available and disseminated to and accessible by all other real estate agents who are participants or subscribers to the MLS. As set forth in paragraph 3, participants and subscribers conducting public marketing of a property listing must submit the property information to the MLS. Property information submitted to the MLS describes the price, terms and conditions under which the Seller's property is offered for sale, excepting offers of compensation. It is likely that a significant number of real estate practitioners in any given area are participants or subscribers to the MLS. The MLS may also be part of a reciprocal or data sharing agreement to which other multiple listing services belong. Real estate agents belonging to other multiple listing services that have reciprocal or data sharing regreements with the MLS also have access to the information submittled to the MLS. The MLS may further transmit listing information to internet sites that post
- property listings online.

  B. WHAT INFORMATION IS PROVIDED TO THE MLS BEFORE OR AFTER SALE: All terms of the transaction price and, if applicable, financing and concessions, (i) will be provided to the MLS in which the Property is listed for publication, dissemination and use by persons and entities on terms approved by the MLS, and (ii) may be provided to the MLS even if the Property was not listed with the MLS. Seller consents to Broker providing a copy of this listing agreement to the MLS if required
- by the MLS.

  C. WHAT IS BROKER'S MLS? Broker is a participant/subscriber to the Multiple Listing Service (MLS) specified in paragraph 2E(1) of the Listing Agreement and possibly others. Broker shall inform Seller if the MLS specified in paragraph 2E(1) is not the primary MLS for the geographic area of the Property. When required by paragraph 3 or by the MLS, Property will be listed with the MLS(s) specified.

- BENEFITS OF USING THE MLS; IMPACT OF OPTING OUT OF THE MLS
   EXPOSURE TO BUYERS THROUGH MLS: Listing property with an MLS exposes a seller's property to all real estate agents and brokers (and their potential buyer clients) who are participants or subscribers to the MLS or a reciprocating MLS. The MLS may further transmit the MLS database to internet sizes that post property isitings online.
   B. IMPACT OF OPTING OUT OF MLS: If Seller elects to exclude the Property from the MLS, Seller understands and acknowledges that: (i) Seller is authorizing limited exposure of the Property and NO marketing or advertising of the Property to the public will occur; (ii) real estate agents and brokers from other real estate offices, and their buyer clients, who have access to that MLS may not be aware that Seller's Property is for both about Seller's Property will not be transmitted from the MLS to various real estate internet sites that are used by the public to search for property listings and; (iv) real estate agents, brokers and removed of the public real estate internet sites that are used by the public to search for property listings and; (iv) real estate agents, brokers and removed of the public real estate internet to the search of the public removed in the Discrete real estate internet to the property in the public to the public to search for property listings and; (iv) real estate agents, brokers and public the Discrete real estate internet the public to search for property listings and public the Discrete real estate internet to the public to the Discrete real estate internet to the public to search for property listings and public the Discrete real estate internet to the public to search for property listings and public the Discrete real estate internet and public the public to search for property listings and public the Discrete real estate internet and public the Discrete real estate internet and public the public to search for property listings and public the public to search for property listings and p and members of the public may be unaware of the terms and conditions under which Selier is marketing the Property. REDUCTION IN EXPOSURE: Any reduction in exposure of the Property may lower the number of offers and negati
- NOT USTING PROPERTY IN A LOCAL MLS: If the Property is listed in an MLS which does not cover the geographic area where the Property is located then real estate agents and brokers working that territory, and buyers they represent looking for property in the neighborhood, may not be aware the Property is for sale.

#### 3. PUBLIC MARKETING OF PROPERTY:

- PUBLIC MARKETING OF PROPERTY:

  A. CLEAR COOPERATION POLICY: Unless paragraph 3F is checked, MLS rules require that residential real property with one to four units and vacant tot listings be submitted to the MLS within 1 business day of any public marketing.

  B. PUBLIC MARKETING WITHIN CLEAR COOPERATION: (i) Public marketing includes, but is not limited to, flyers displayed in windows, yard signs, digital marketing on public facing websites, brokerage website displays, digital communications marketing and email blasts, multi-brokerage listing sharing networks, marketing to closed or private listing obus or groups, and applications available to the general public. (ii) Public marketing does not include an office exclusive listing where there is direct promotion of the listing between the brokers and licensees affiliated with the listing brokerage, and one-to-one promotion between these licensees and their clients.
- C. "COMING SOON" STATUS IMPACT ON MARKETING: Days on Market (DOM):
- Seller is advised to discuss with Broker the meaning of "Coming Soon" as that term applies to the MLS in which the Property will be listed, and how any Coming Soon status will impact when and how a listing will be viewable to the public via the MLS. Seller is further advised to discuss with Broker how any DOM calculations or similarly utilized tracking field works in the MLS in which the Property will be listed.
- eller does ( does not) authorize Broker to market the Property per the Coming Soon status in Broker's MLS, if any D. SELLER INSTRUCTS BROKER:
- Seller instructs Broker to market the Property to the public at the beginning of the Listing Period: OR (2) Seller instructs Broker to begin marketing the Property to the public on

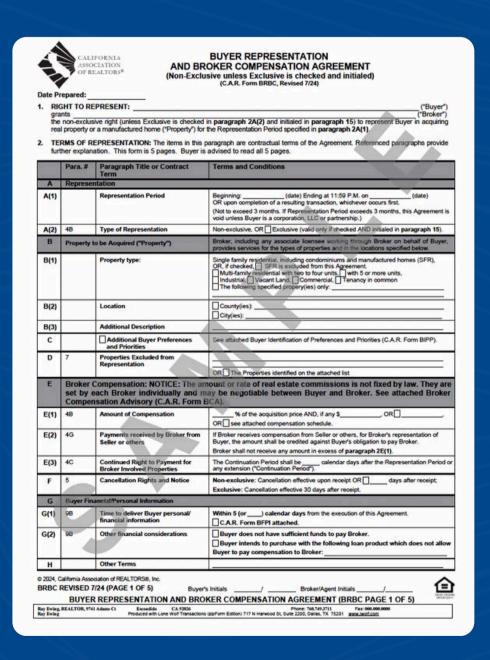
MLSA 7/24 (PAGE 1 OF 2)

MULTIPLE LISTING SERVICE ADDENDUM (MLSA PAGE 1 OF 2)



## Buyer Representation and Broker Compensation Agreement (BRBC)

- Specifies the terms of Buyer Agent representation and compensation
- A buyer broker agreement is mandatory under CRMLS Rule 9.1 and the NAR settlement agreement prior to showing, viewing, or touring a property with the buyer (Not required to use C.A.R. BRBC Form)



### Seller Payment to Buyer Broker (SPBB)

- Check RPA paragraph 3.G(3)
- Buyer Agents can attach this form to ask the seller to pay for all or part of the buyer's contractual obligation to pay the Buyer's Broker
- Accompanies RPA/Offer



#### SELLER PAYMENT TO BUYER'S BROKER

in which is referred to as "Buyer" and is referred to as "Seller and is referred to as "Seller" Broker

Notice: The amount or rate of real estate commissions is not fixed by law. They are set by each Broker individuall and may be negotiable between Seller and Broker(s) (real estate commissions include all compensation and fee to Broker).

- 1. SELLER PAYMENT TO BUYER'S BROKER:
- A. AMOUNT: Subject to paragraph 1B below, Seller agrees to pay Buyer's Broker \_\_\_\_\_% of the purchase price OR, if checked 
   out of the transaction proceeds.
- B. MAXIMUM SELLER PAYMENT OBLIGATION: Seller shall only be obligated to pay Buyer's Broker the lesser of: (i) the amount specified in paragraph 1A, or (iii) the amount Buyer is obligated to pay Buyer's Broker pursuant to their Buyer Representation Agreement, and if applicable less any amount that others have agreed to pay Buyer's Broker. If there is no Buyer Representation Agreement, then Seller has no obligation to pay Buyer's Broker.
- BUYER REPRESENTATION REGARDING COMPENSATION: Buyer represents that, as of the date signed by Buyer below, Buyer has a signed representation with Buyer's Broker and the amount specified in paragraph 1 is no more than the amount Buyer is obligated to pay Buyer's Broker pursuant to that Buyer Representation Agreement, and if applicables any amount that others have agreed to pay Buyer's Broker.
- DELIVERY OF BUYER REPRESENTATION AGREEMENT: Buyer authorizes Buyer's Broker and, if applicable, escronolder, upon request, to deliver to Seller or Seller's Broker a copy of the portion of the Buyer Representation Agreemer identifying the compensation Buyer has agreed to pay Buyer's Broker, such as the last page of C.A.R. Form BRBC.
- identifying the compensation Buyer has agreed to pay Buyer's Broker, such as the last page of C.A.R. Form BRBC.

  4. THIRD PARTY BENEFICIARY: Seller acknowledges and agrees that Buyer's Broker is a third-party beneficiary of thi agreement and may pursue Seller for failure to pay the amount specified in this document.

By signing below, Buyer and Seller each acknowledge that they have read, understand, accept, and have received a Copy of this Seller Payment for Buyer's Broker.

uyer	 Date
uyer	Date
eller	Date
eller	 Date

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LLER PAYMENT TO BUYER'S BROKER (SPBB PAGE 1 OF 1)

- Due to the C.A.R. Form RLA Revised 7/24 release, we strongly recommend Buyer Representation Agreements be used NOW
- If you are using any other listing form, please contact your broker and/or attorney before listing input

# How Are Listings Affected?

#### Q: WHAT HAPPENED TO MY LISTINGS ON AUGUST 13?

August 8 for FlexMLS\*

Compensation fields/information are now ELIMINATED and no longer visible for the following listing status:

- Coming Soon
- Active
- Active Under Contract
- Hold
- Withdrawn

### Q: WHAT HAPPENED TO MY LISTINGS THAT ARE NOT IN ONE OF THOSE STATUSES?

Compensation fields/information for the following listing status will REMAIN for historical purposes, but cannot be edited or changed:

- Pending (unless it moves back to Active)
- Closed
- Expired
- Cancelled

### The Transition

Get Familiar with the Concessions in Price (CiP) Field

### Concessions in Price (CiP) Field

When was it added?

What is it?

Why use it?

> Seller Consider Concessions: A Yes/No selection. **MATRIX** Seller Consider Concessions?: Seller willing to consider buyer concessions if requested in offer. **FLEXMLS** Seller Consider Concession YN Select One > **PARAGON** 

Seller Consider Concessions YN

(6)

# Required Concession Information on the Change to Sold Form Now Available as of 8/13

CRMLS has always recorded concessions at Close. On 8/13, we added the requirement to break down concessions into separate categories.

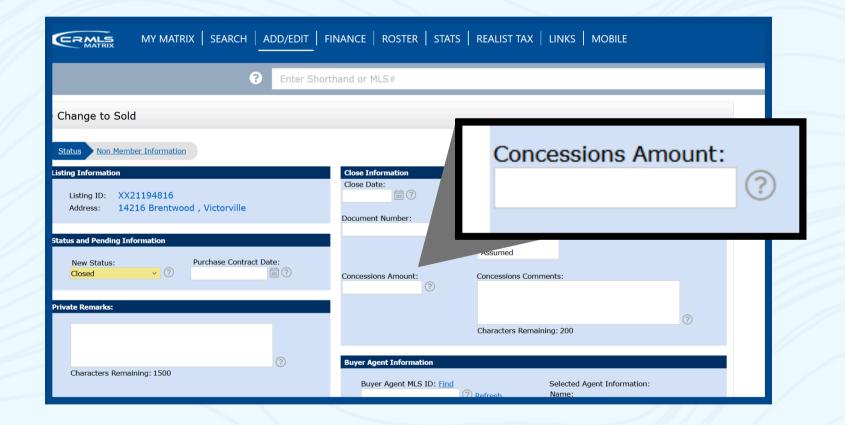
#### Required Concession Information on the Change to Sold Form

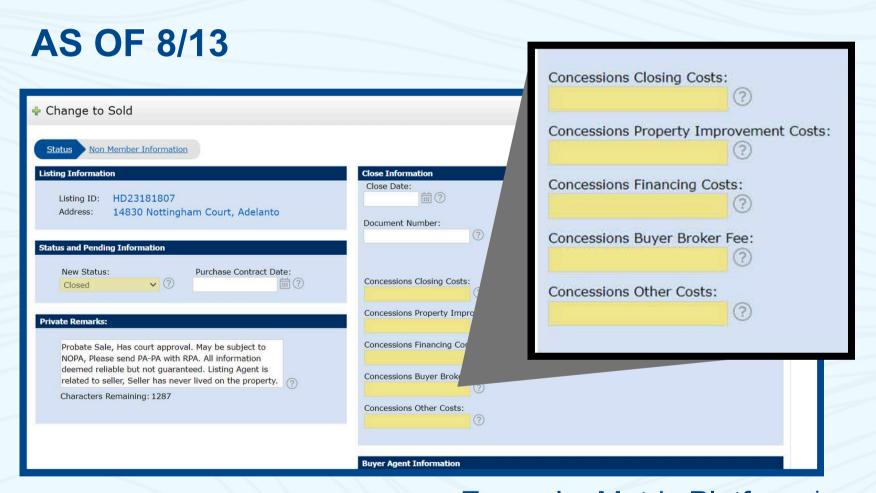
1. Concessions Closing Costs		
2. Concessions Property Improvement Costs		
3. Concessions Financing Costs		
4. Concessions Buyer Broker Fee		
5. Concessions Other Costs		

### Old vs. New

(as of 8/13)

#### **BEFORE 8/13**





Example: Matrix Platform \*

## Concessions are NOT the same as Compensation.



Q: WHAT WILL OCCUR IF SOMEONE ATTEMPTS TO INDICATE COMPENSATION ANYWHERE IN THE MLS, SUCH AS PRIVATE REMARKS, PUBLIC REMARKS, OR SHOWING INSTRUCTIONS AFTER AUGUST 8 (FLEXMLS USERS) AND AUGUST 13 (MATRIX/PARAGON USERS)?

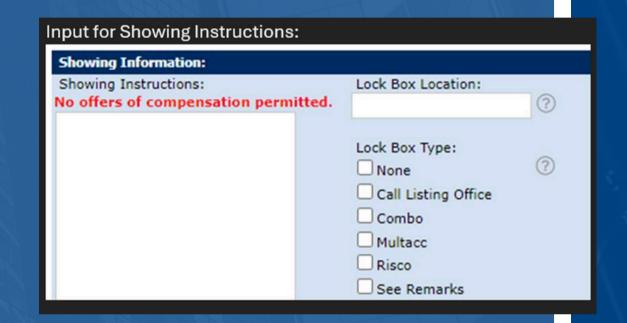
**A:** Violating CRMLS Rule 7.15 (Offering or Conveying Buyer's Agent Compensation on the MLS) will result in the immediate removal of the offending language from the MLS and a fine of \$2,500.

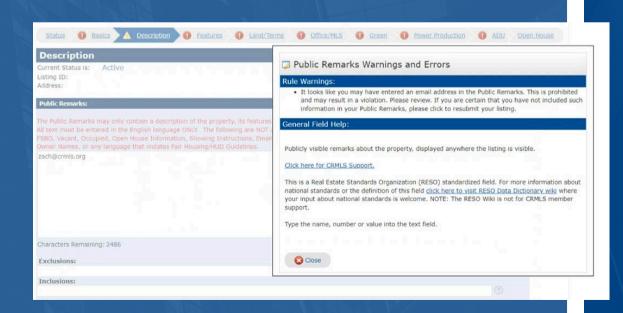
### Q: WHAT ADDITIONAL MEASURES IS CRMLS TAKING TO ENSURE COMPENSATION AMOUNTS ARE NOT LISTED IN THE MLS AFTER AUGUST 8 (FLEXMLS USERS) AND AUGUST 13 (MATRIX/PARAGON USERS)?

**A:** CRMLS is actively communicating this information through email, REcenterhub articles, MLS system pop-ups, social media, and the <u>CRMLS.org</u> website.

Additionally, warning messages in bold red text will appear within listing inputs on Private Remarks, Public Remarks, and Showing Instructions text fields. Private Remarks will also display a pop-up message titled "Private Remark Warnings and Errors," indicating that a prohibited word was entered and that it may result in a violation.

Based on the recent NAR settlement, CRMLS is required to take this action to ensure compliance and help reduce potential broker liability.





### Overview of new fines resulting from the NAR lawsuit settlement.

#### \$2,500 Fine

- Rule 7.15: Offering or Conveying Buyer's Agent Compensation in the MLS
- Rule 7.16: Insufficient Disclosure of Compensation to Seller/Landlord in Listing Agreement
- Rule 7.19: Disclosure of Listing Broker's Compensation in the MLS
- Rule 9.1: Showing Listed Property w/o Written Agreement w/ Buyer; Insufficient Agreement w/ Buyer
- Rule 19.2.21: Display of Offer of Compensation IDX
- Rule 19.3.26: Display of Offer of Compensation VOW

FAQ

# Top Questions from the Real Estate Community

### **FAQ**

### Advertising Compensation on Social Media

- Social media is outside of the MLS.
- The new rules are limited in scope to what is done inside the MLS.
- Remember: C.A.R. Listing forms do not support sharing compensation.
- Any non-C.A.R. form used must be designed to support this type of advertising.

### Conducting Open Houses

- There are no major changes in Open House conduct.
- The settlement is silent on the topic of Open Houses.
- A buyer does not have to sign a buyer broker agreement to view an open house.

### FAQ cont.

### Affected Property Types

- In short these changes apply to ALL properties.
- Compensation removal, buyer agreements, etc.
- This includes lease and vacant land.

### Concessions and Open Text Fields

- Mentions of concessions are allowed in open text fields
- They CANNOT indicate that concessions are going towards the Buyer Agent.
- Focus on words/statements about "concessions" or "credit" to the BUYER
- It is a violation to include information regarding bonus, compensation, commission, etc., or anything specifically to the Buyer Agent.



### **CRMLS Resources**

on the NAR Proposed Settlement



go.crmls.org/nar-settlement-resources/