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Buyer–Broker Representation Agreement

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Understanding the 2024 NAR Settlement

WHAT HOME BUYERS NEED TO KNOW

The 2024 NAR Settlement introduced significant changes to the way real estate commissions are handled, giving buyers more control over the process. Here's what you need to know to make informed decisions as you navigate the home-buying process.

What Has Changed?

- **No Obligation for Sellers to Pay Buyer's Agent Fees:** Sellers are no longer required to offer compensation to the buyer's agent, giving them more flexibility.
- **Clear Agreements with Buyer's Agents:** Buyers must now sign agreements with their agents outlining services and fees upfront.
- **Buyers May Be Responsible for Agent Fees:** If a seller chooses not to cover the buyer's agent commission, buyers may need to pay these fees themselves.

Takeaway: The 2024 NAR Settlement puts more power in the hands of buyers. While this may mean adjusting your budget to account for agent fees, it also ensures that you have more clarity and control throughout the home-buying process.



Buyer Agent Compensation Post–NAR Settlement

The 2024 NAR Settlement has changed how real estate agents are compensated in a home purchase. As a buyer, it's crucial to know how these updates affect your finances and what options are available.

What is Buyer Agent Compensation?

Buyer agent compensation is the fee paid to your real estate agent for representing you in the transaction. Historically, this was covered by the seller. However, with the new guidelines, sellers are no longer required to offer this compensation, which may mean you'll need to cover it.

How Much Can You Expect to Pay?

Typically, buyer agent commissions range between 2.5% to 3% of the home's sale price. For a \$400,000 home, this could be between \$10,000 and \$12,000. Discuss these costs with your agent upfront so you can budget accordingly.

Seller-Paid vs. Buyer-Paid Compensation

While some sellers still offer agent compensation, others may not. If the seller doesn't cover these costs, you can negotiate to have them included as part of your purchase offer or work out flexible payment options with your agent.

Negotiating Agent Fees

You can always negotiate agent compensation. Whether it's discussing payment terms with your agent or including the fees in your offer to the seller, there are ways to make this cost manageable.

Understanding buyer agent compensation helps you plan your home purchase without surprises. Always clarify these costs with your agent and explore your options for negotiation.



How the NAR Settlement Impacts Your Offer and Negotiation

The 2024 NAR Settlement introduces changes that influence how buyers and agents negotiate offers. Understanding these shifts is essential to making competitive and strategic bids in today's market.

BUYER AGENT FEES AND OFFER STRATEGY	ENHANCED NEGOTIATION FLEXIBILITY	TRANSPARENT AGENT COLLABORATION
<p>Buyers may now need to cover their agent's fees if sellers choose not to. This impacts how offers are structured:</p> <ul style="list-style-type: none">• Budget Considerations: Plan for potential agent fees when budgeting your offer.• Negotiation Advantage: Offering to cover some or all agent fees might make your offer more attractive to sellers looking to minimize their costs. <p>Tip: Collaborate with your agent to determine the most effective way to structure your offer based on market conditions.</p>	<p>Buyers who can show flexibility, such as covering agent fees or closing costs, can gain leverage:</p> <ul style="list-style-type: none">• Adjust to Market Conditions: In competitive areas, a flexible offer could give you an edge.• Tailor to Seller Needs: Understanding seller priorities allows you to craft more compelling offers. <p>Tip: Work closely with your agent to identify which terms will best position your offer for success.</p>	<p>Open communication with your agent is now more crucial than ever:</p> <ul style="list-style-type: none">• Understand Compensation: Review all potential costs associated with your agent's services upfront.• Evaluate Options: Decide whether covering your agent's fees or other strategies are the best fit for your goals. <p>Tip: A proactive approach with your agent ensures you stay informed and make well-rounded, competitive offers.</p>

By adapting to these updates, you can make informed, strategic decisions to succeed in the current market.

Benefits of Buyer Representation Post-NAR

With the 2024 NAR Settlement changing how buyer-agent relationships work, having a dedicated agent is more valuable than ever. Here's how working with a professional buyer's agent benefits you throughout your home-buying journey

Expert Market Insights

Your agent provides up-to-date market knowledge, including pricing trends and property evaluations, ensuring you make informed offers and avoid overpaying.

Benefit: Make well-informed decisions backed by real data.

Skilled Negotiation

A buyer's agent negotiates on your behalf, securing the best price and terms. They can also work with sellers to cover costs like closing fees or agent compensation.

Benefit: Effective negotiation can save you money and get you favorable terms.

Step-by-Step Guidance

From property search to closing, your agent manages each step, coordinating paperwork, inspections, and timelines, making the process smooth and stress-free.

Benefit: Professional support ensures you navigate every stage with confidence.

Protecting Your Interests

Your agent acts as your advocate, ensuring contracts are in your best interest and helping you identify potential issues with properties before you commit.

Benefit: Buyer's protection gives you peace of mind and confidence in your purchase.

Despite recent changes, having a buyer's agent offers essential support, market insights, and negotiation expertise that are critical to securing the best possible outcome for your home purchase.





Transparency in Agent Representation and Buyer Agreements

The 2024 NAR Settlement requires buyers and agents to establish clear, written agreements. These agreements outline the agent's services and how they are compensated, ensuring you know exactly what to expect when working with an agent.

Clear Buyer-Agent Agreements

Under the new guidelines, buyers and agents must sign a formal agreement that details:

- **Agent Services:** What your agent will provide, such as property searches, market analysis, and negotiation support.
- **Agent Fees:** How your agent will be paid, including the fee structure and who is responsible for covering it—either the seller or the buyer.

Full Transparency on Costs

Buyer-agent agreements clearly outline:

- **Agent Fees:** The exact percentage or amount your agent will earn.
- **Who Pays:** Whether you, as the buyer, will cover these costs if the seller does not, allowing you to plan your budget accordingly.

Legal Protection and Accountability

These agreements protect your interests by ensuring:

- **Consistent Service:** Agents are accountable for the services they promise, ensuring professionalism and reliability.
- **Legal Security:** In the rare case of disputes, the written agreement outlines your agent's obligations, safeguarding your interests.

The new NAR guidelines prioritize transparency, making it easier for you to understand your agent's role and compensation. By reviewing and understanding these agreements, you ensure a smooth, informed home-buying experience with full clarity.

NAR Settlement Financial Impact For Home Buyers

The 2024 NAR Settlement requires buyers and agents to establish clear, written agreements. These agreements outline the agent's services and how they are compensated, ensuring you know exactly what to expect when working with an agent.

Buyer Agent Fees Explained

Under the new guidelines, sellers may not cover buyer agent fees. This means you might need to budget for this cost, typically 2.5% - 3% of the home's price.

- Example: For a \$400,000 home, this could range between \$10,000 - \$12,000.
- Tip: Discuss agent fees early to understand whether they'll be part of your closing costs.

Negotiating Agent Fees

If you need to cover your agent's fees, you have options:

- Ask the Seller: Propose that the seller contributes to the fees as part of your offer.
- Discuss Payment Options: Some agents offer flexible payment arrangements.
- Tip: Collaborate with your agent to explore the best solution for your situation.

Total Home-Buying Costs

When planning your budget, include:

- Down Payment: Usually 5-20% of the purchase price.
- Closing Costs: Generally 2-5% of the home's value, covering appraisals, loan fees, and more.
- Agent Fees: If not covered by the seller, these may be an additional expense.
- Tip: Work with your agent and lender to outline a complete budget so you know what to expect.

Planning for Long-Term Costs

Consider ongoing expenses like:

- Property Taxes: Research local rates to add to your monthly budget.
- Maintenance and Repairs: Set aside an emergency fund for unexpected issues.
- Insurance: Include homeowners insurance in your calculations.
- Tip: Preparing for these costs ensures you're financially ready for homeownership, not just the purchase.

The new NAR guidelines emphasize the need for careful financial planning. By understanding potential costs and working closely with your agent, you can build a comprehensive budget that covers every aspect of buying and owning a home.



Home Buyer FAQ

NAR SETTLEMENT



Q

Is having a buyer's agent still important under the new rules?

Absolutely. Despite the changes, a buyer's agent offers crucial services such as market analysis, property evaluation, negotiation expertise and navigate legal requirements and paperwork.

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Will I have to pay my buyer's agent directly now?

It depends. Under the new rules, sellers are not required to cover the buyer's agent fees. If the seller chooses not to offer compensation, you may need to pay these fees yourself.

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How do I know if the seller is offering to cover agent fees?

This information is typically listed in the property's MLS details. Your agent can also confirm whether the seller is offering any compensation for the buyer's agent, so you know what to expect before making an offer.

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