

# NAR SETTLEMENT & FORMS UPDATE

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# NAR Settlement

# BACKGROUND

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- On March 15, 2024, NAR announced a proposed settlement agreement that would end litigation of claims against NAR, all state/territorial and local associations, most MLSs, almost all members, and most of their brokerages, brought on behalf of home sellers related to broker commissions.
- The court granted preliminary approval on April 24, 2024. But the settlement is subject to final court approval. A hearing on final approval is scheduled for November 26, 2024.
- From the beginning of this litigation, NAR had three goals:
  - Secure a release of liability for as many members, associations, and MLSs as possible;
  - Protect the choices consumers have regarding real estate services and compensation; and
  - Continue to promote the American dream of home ownership

# CORE ASPECTS OF THE SETTLEMENT

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1

**Release of liability**

2

**Offers of Compensation prohibited on MLS**

3

**Written buyer agreements required**

4

**NAR continues to deny any wrongdoing**

# CONSUMER CHOICE

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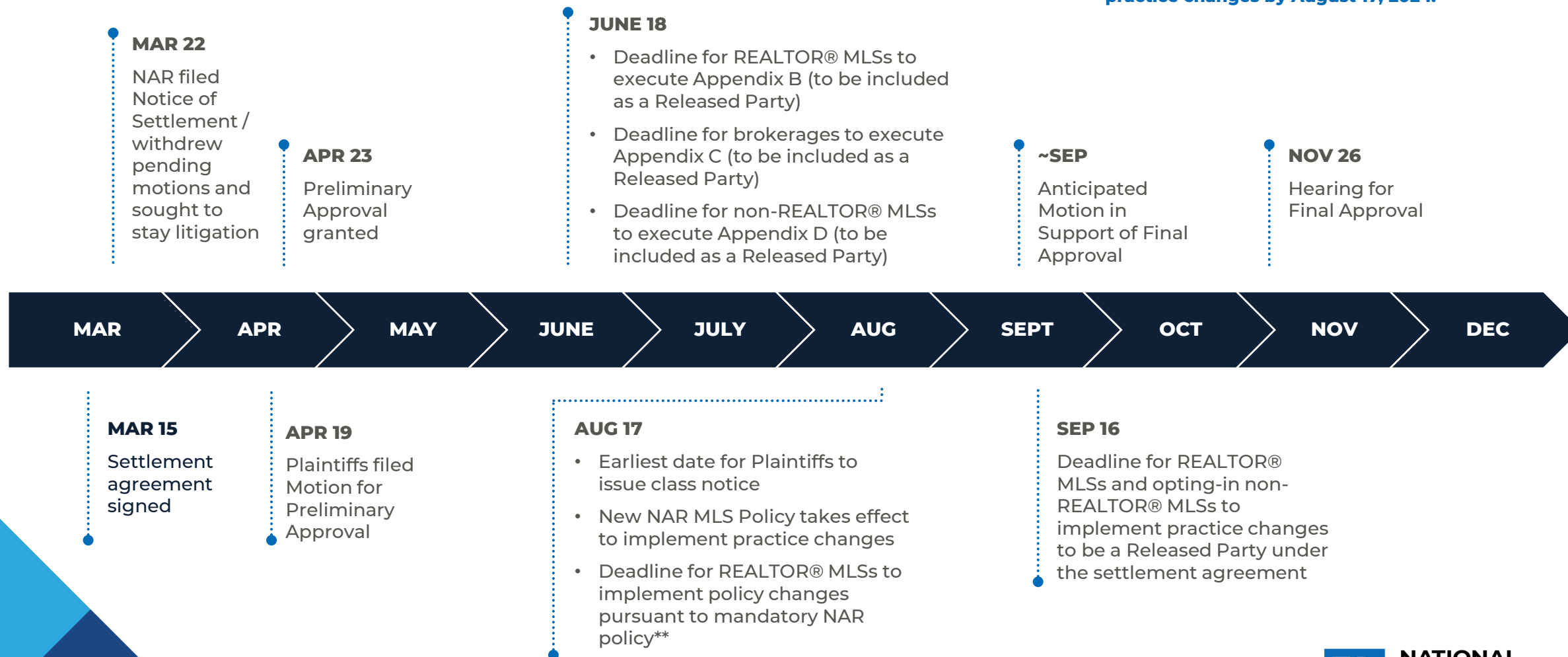
The settlement preserves consumer choice in the home buying and selling process:

- Cooperative compensation, or the ability of listing agents to compensate agents representing buyers, is prohibited on-MLS, but preserved as an option off-MLS based on negotiation between consumers and real estate professionals.
- Buyers and sellers will continue to have the flexibility to negotiate the commissions and fees that work for them and their transaction.
- Written buyer agreements will clearly outline the services buyers will receive, and how much they will cost.

# NAR SETTLEMENT TIMELINE\*

\*As of June 24, 2024. Please refer to the settlement agreement for detailed information on deadlines.

\*\*NAR encourages all MLSs to implement the practice changes by August 17, 2024.



# NAR MLS Rules – August 17!

1. Eliminate and **prohibit any offers of compensation in the MLS** between listing brokers or sellers to buyer brokers.
2. MLS to **eliminate all broker compensation fields** and compensation information in the MLS.
3. Require the MLS to not create, facilitate, or support any non-MLS mechanism (including by providing listing information to an internet aggregator's website for such purpose) for Participants, Subscribers, or sellers to make offers of compensation to buyer brokers or other buyer representatives.
4. Prohibit the use of MLS data or data feeds to directly or indirectly establish or maintain a platform of offers of compensation from multiple brokers or other buyer representatives. Such use must result with the MLS terminating the Participant's access to any MLS data and data feeds.
5. No filtering out or restricting MLS listings that are communicated to customers or clients based on the existence or level of compensation offered to the cooperating.
6. Require **compensation disclosures** to sellers, and prospective sellers and buyers.
7. Require MLS Participants working with a buyer to enter into a **written agreement** with the buyer prior to touring a property.

# NAR MLS Rules – August 17!

## Compensation Disclosures

1. Broker compensation is not set by law and is fully negotiable in listing and buyer representation agreements.
2. Disclose to seller and obtain seller's authority for compensation or offers of compensation from listing broker or seller to a buyer's representative.

## Buyer Written Agreements

1. Must have a written agreement when working with a buyer before touring a home.
2. "Working with a buyer" means providing brokerage services to a buyer, such as identifying properties, negotiating on behalf of the buyer, presenting offers by the buyer, or other services for the buyer. Does not include working only as an agent/subagent for the seller, such as an open house or providing an unrepresented buyer access to a listed property.
3. "Touring" means when the buyer and/or agent enters the home including virtual tours.
4. "Home" means a one to four family residential dwelling.

# NAR MLS Rules – August 17!

Buyer written agreement must contain the following:

1. Disclose the amount or rate of compensation the broker will receive.
2. Amount or rate of compensation must be objectively ascertainable and not open-ended
3. A term that prohibits the Participant from receiving compensation for brokerage services from any source that exceeds the amount or rate agreed to in the agreement with the buyer.

# Cooperative Compensation

- Offers of compensation are prohibited on the MLS
- Offers of compensation can be communicated off MLS
- Sellers may offer buyers concessions on the MLS – can't be tied to cooperative compensation
- The types of compensation available for buyer brokers:
  - Paid directly by consumers (buyer or seller)
  - Seller paying portion of buyer expenses (concession)
  - Portion of the listing broker's compensation



# Texas REALTORS® Forms

# Texas REALTORS Forms – June 24!

- Amendment to representation agreements (TEMPORARY)
- Updated residential listing agreements and amendment
- Updated buyer representation agreement and amendment
- SHORT FORM Residential Buyer/Tenant Representation Agreement
- Addendum to TREC Contract
- Updated broker compensation agreements

**AMENDMENT TO REPRESENTATION AGREEMENT**

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This Amendment modifies Texas REALTORS® real estate representation agreements to comply with certain National Association of REALTORS® Multiple Listing Service policies. This Amendment may be used with the following representation agreements with a version date before 06-24-24: Listing Agreements TXR 1101, TXR 1102, or TXR 1201 and Buyer/Tenant Representation Agreement TXR 1501.

On or about \_\_\_\_\_, Client and Broker entered into a Texas REALTORS® representation agreement.

Effective \_\_\_\_\_, Client and Broker amend the above-referenced representation agreement as follows:

A. For All Representation Agreements

1. **Broker compensation or the sharing of compensation between brokers is not set by law nor fixed, controlled, recommended, or suggested, by the Association of REALTORS®, MLS, or any listing service. Broker compensation is fully negotiable. Brokers independently determine their fees.**

B. For Listing Agreements

1. "Client" means the Seller or Landlord concerning the following Property \_\_\_\_\_
2. **Paragraph 8A includes payment of compensation to the other broker working with a buyer or tenant. Client authorizes Broker to compensate the other broker as indicated in Paragraph 8A.**
3. Paragraph 8B is deleted. Fees stated in Paragraph 8A are payable regardless of whether the other broker is a participant in the MLS in which the Listing is filed.

C. For Buyer/Tenant Representation Agreements

1. **Broker is prohibited from receiving compensation for brokerage services from any source that exceeds the amounts stated in the representation agreement.**

# NEW FORM

## *Amendment to Representation Agreement (TXR 2701)*

## 5. BROKER COMPENSATION:

Broker compensation or the sharing of compensation between brokers is not set by law nor fixed, controlled, recommended, or suggested by the Association of REALTORS®, MLS, or any listing service. Broker compensation is fully negotiable. Brokers independently determine their fees.  
(Complete either 5A or 5B only)

### A. Broker's Fee (with compensation for other broker):

This Paragraph 5A includes payment of compensation to the other broker working with a buyer. Seller authorizes Broker to compensate the other broker as indicated below.

(1) When Earned and Payable, Seller will pay Broker (insert total amount for Broker and other broker):

- (a) \_\_\_\_\_% of the sales price or \$\_\_\_\_\_.
- (b) \_\_\_\_\_.

(2) From amounts stated in 5A(1) above, Broker will pay the other broker the following fees if the other broker procures a buyer that purchases the Property:

- (a) if the other broker represents the buyer: \_\_\_\_\_% of the sales price or \$\_\_\_\_\_; and
- (b) if the other broker is a subagent: \_\_\_\_\_% of the sales price or \$\_\_\_\_\_.

### B. Broker's Fee (without compensation for other broker):

(1) When Earned and Payable, Seller will pay Broker (insert amount to be paid to Broker only):

- (a) \_\_\_\_\_% of the sales price or \$\_\_\_\_\_.
- (b) \_\_\_\_\_.

**Note: Seller Paying Buyer's Expenses.** In addition to paying the above Broker's fees, a buyer may request Seller to contribute an amount towards buyer's expenses, such as buyer's broker fees or other closing costs. See Paragraph 11F for Broker's authority regarding such contributions.

F. Seller  does or  does not authorize Broker to share with other brokers and prospective buyers that Seller will consider contributing an amount towards buyer's expenses, such as buyer's broker's fees or other expenses payable by buyer under a sales contract. **Seller is not obligated to pay any specific amount and has sole discretion to determine the amount Seller will pay towards buyer's expenses during negotiations with the buyer. (Use TXR 1412 to provide additional details regarding Broker's authorization to share information.)**

## Paragraph 5



**Residential Real Estate Listing Agreement, Exclusive Right to Sell (TXR 1101)**

**Residential Real Estate Listing Agreement, Exclusive Right to Lease (TXR 1102)**

**Farm and Ranch Real Estate Listing Agreement, Exclusive Right to Sell (TXR 1201)**

## Paragraph 11F





**SELLER'S AUTHORIZATION TO DISCLOSE AND ADVERTISE  
CERTAIN INFORMATION**

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CONCERNING THE PROPERTY AT \_\_\_\_\_

A. Seller authorizes Broker to disclose to other brokers and prospective buyers that Seller will consider contributing an amount up to \$\_\_\_\_\_ towards buyer's expenses. Buyer may use these funds to pay for buyer's broker's fees or other expenses payable by buyer under a sales contract.

**Seller is not obligated to pay this amount or any other amount unless Seller agrees to such payment in a sales contract. Seller has the sole discretion to determine the amount Seller will pay towards buyer's expenses during negotiations with the buyer.**

**If the amount of Seller's contribution is included on a Multiple Listing Service (MLS), such amount cannot be limited to or conditioned upon the retention of or payment to a cooperating broker, buyer broker, or other buyer representative.**

B. Seller authorizes Broker, at Broker's discretion, to disclose and advertise the following information concerning the Property to prospective buyers and other brokers *(for example, insert information regarding Seller's reasons for placing the Property on the market, any conditions of sale, or phrases such as "terms are negotiable," or "bring all offers")*:

**NOTE: All disclosures and advertisements must be in compliance with local, state, and federal laws as well as TREC rules, the NAR Code of Ethics, and MLS policies.**

\_\_\_\_\_  
Seller's Printed Name

\_\_\_\_\_  
Seller's Printed Name

\_\_\_\_\_  
Seller's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Seller's Signature

\_\_\_\_\_  
Date

# *Seller's Authorization to Disclose and Advertise Certain Information (TXR 1412)*



Effective \_\_\_\_\_, Owner and Broker amend the above-referenced Listing as follows:

- A. The Listing Price in Paragraph 3 of the Listing is changed to: \$\_\_\_\_\_.
- B. The date the Listing ends in Paragraph 4 of the Listing is changed to: \_\_\_\_\_.

- C. **(TXR 1101 and TXR 1201 only)** The Broker's Fee is changed to Paragraph 5A1 or 5B1 as follows:
  - (a) \_\_\_\_\_% of the sales price or \$\_\_\_\_\_.
  - (b) \_\_\_\_\_.

- D. **(TXR 1101 and TXR 1201 only)** The compensation paid to the other broker in Paragraph 5A2 is changed as follows:
  - (a) if the other broker represents the buyer:** \_\_\_\_\_% of the sales price or \$\_\_\_\_\_; and
  - (b) if the other broker is a subagent:** \_\_\_\_\_% of the sales price or \$\_\_\_\_\_.

- E. Owner instructs Broker to cease marketing the Property on \_\_\_\_\_ and to resume marketing the Property on:  (1) receipt of further instructions from Owner; or  (2) \_\_\_\_\_.

The Listing is not terminated and remains in effect for all other purposes.

- F. Paragraph(s) \_\_\_\_\_ are changed as follows:

**Broker compensation or the sharing of compensation between brokers is not set by law nor fixed, controlled, recommended, or suggested by the Association of REALTORS®, MLS, or any listing service. Broker compensation is fully negotiable. Brokers independently determine their fees.**

# *Amendment to Listing (TXR 1404)*

# Representation Disclosure (TXR 1417)

Broker/Broker Firm Name: \_\_\_\_\_ License No.: \_\_\_\_\_

Broker's Associate's Name: \_\_\_\_\_ License No.: \_\_\_\_\_

A. Texas law (Section 1101.558, Occupations Code) requires a real estate license holder who represents a party in a proposed real estate transaction to disclose, orally or in writing, that representation at the license holder's first contact with:

- (1) another party to the transaction; or
- (2) another license holder who represents another party to the transaction.

B. Broker represents the following party:

Seller/Landlord: \_\_\_\_\_

Buyer/Tenant: \_\_\_\_\_

C. A real estate license holder, while acting as an agent, is a fiduciary. The primary duty of the license holder is to represent the interests of their client. The license holder must treat other parties to a transaction honestly and fairly, however, the duty to their client is primary.

The undersigned persons acknowledge there is no agency relationship with Broker as of the date of this disclosure:

## 7. BROKER COMPENSATION:

Broker compensation or the sharing of compensation between brokers is not set by law nor fixed, controlled, recommended, or suggested, by the Association of REALTORS®, MLS, or any listing service. Broker compensation is fully negotiable. Brokers independently determine their fees. Broker is prohibited from receiving compensation for brokerage services from any source that exceeds the amounts stated in this agreement.

A. **Broker's Fee: When Earned and Payable, Client will pay Broker (Complete all that apply):**

(1) (Purchases) \_\_\_\_\_% of the sales price or \$\_\_\_\_\_.

(2) (Leases) \_\_\_\_\_% of one month's rent or \_\_\_\_\_% of all rents to be paid over the term of the lease or \$\_\_\_\_\_.

B. **Source of Compensation:** Broker will seek to obtain payment of the fees specified in Paragraph 7A first from the seller, landlord, or their agents. **If such persons refuse or fail to pay Broker the amount specified, Client will pay Broker the amount specified less any amounts Broker receives from such persons.**

C. **Earned and Payable:** Broker's compensation is Earned when: (1) Client enters into a contract to buy or lease property in the market area; or (2) Client breaches this agreement. Broker's compensation is Payable, either during the term of this agreement or after it ends, upon the earlier of: (1) the closing of the transaction to acquire the property; (2) Client's breach of a contract to buy or lease a property in the market area; or (3) Client's breach of this agreement. If Client acquires more than one property under this agreement, Broker's compensation for each property acquired are Earned as each property is acquired and are Payable at the closing of each acquisition.

D. **Acquisition of Broker's Listing (Intermediary Transactions):** If Client acquires a property listed by Broker, any compensation Broker offers to other brokers in Broker's listing agreement with the owner will be credited towards Broker's Fee specified under Paragraph 7A.

# Paragraph 7

# *Residential Buyer/Tenant Representation Agreement - Long Form (TXR 1501)*

# *Residential Buyer/Tenant Representation Agreement - Long Form (TXR 1501) – cont.*

- E. **Additional Compensation:** In addition to Broker's Fee specified under Paragraph 7A, Broker is entitled to the following compensation.
- (1) **Construction:** If Client uses Broker's services to procure or negotiate the construction of improvements to property that Client owns or may acquire, Client ensures that Broker will receive from Client or the contractor(s) at the time the construction is substantially complete a fee equal to: \_\_\_\_\_.
  - (2) **Service Providers:** If Broker refers Client or any party to a transaction contemplated by this agreement to a service provider (for example, mover, cable company, telecommunications provider, utility, or contractor) Broker may receive a fee from the service provider for the referral.

**Notice Regarding Bonuses and Other Compensation.** In addition to Broker's Fee specified under Paragraph 7A, seller, landlord, or their agent may offer Broker other compensation, such as a bonus, if Client purchases or leases certain properties. Broker will disclose the specific amount of other compensation offered to Broker. Broker may not receive other compensation unless authorized by Client in writing. Client authorization may be made by amending this agreement (use TXR 1505).

1. **PARTIES:** This Agreement is made between \_\_\_\_\_  
(Collectively, "Client") and \_\_\_\_\_ ("Broker").
2. **APPOINTMENT:** Client appoints Broker as Client's real estate agent subject to the terms of this Agreement.
3. **DEFINITIONS:** In this Agreement, "acquire" means to purchase or lease real property. "Market area" means that area in the State of Texas specified as follows (for example, *insert property address, subdivision, city, county, zip code, etc.*): \_\_\_\_\_
4. **TERM:** This Agreement begins on \_\_\_\_\_ and ends at 11:59 p.m. on \_\_\_\_\_.
5. **BROKER OBLIGATIONS:** Broker must comply with minimum duties as required by law. Broker may represent other prospective buyers or tenants who may seek to acquire the same properties as Client. *(Check only one box)*
  - Full Services.** Broker will use Broker's best efforts to assist Client in the acquisition of property in the market area.
  - Showing Services.** Paragraphs 6, 7, and 8 do not apply. Broker will provide Client with access to properties in the market area. Client will pay Broker a fee of \$ \_\_\_\_\_ due upon execution of this Agreement.
6. **CLIENT OBLIGATIONS:** Client must: (a) work exclusively through Broker in acquiring property in the market area and (b) inform other brokers, sales agents, sellers, and landlords that Broker exclusively represents Client for the purpose of acquiring property in the market area and refer all such persons to Broker.
7. **BROKER COMPENSATION:**

A. **Broker's Fees:** When Earned and Payable, Client will pay Broker *(Complete all that apply):*  
 (1) (Purchases) \_\_\_\_\_% of the sales price or \$ \_\_\_\_\_.  
 (2) (Leases) \_\_\_\_\_% of one month's rent or \_\_\_\_\_% of all rents to be paid over the term of the lease or \$ \_\_\_\_\_.

- B. **Earned and Payable:** Broker's fees are Earned when Client enters into a contract to acquire property in the market area during the Term. Broker's fees are Payable, either during the Term or after it ends, upon the earlier of: (1) the closing of a transaction to acquire a property or (2) Client's breach of a contract to acquire a property in the market area. "Closing" means the date legal title to a property is conveyed to Client or the date Client enters a binding lease.
- C. **Source of Payment:** Broker may receive compensation from the seller, landlord, or their agents. Broker will credit any such compensation towards compensation due Broker under this Agreement and Client will pay any remaining balance.
- D. **Escrow Authorization:** Client authorizes, and Broker may instruct, any escrow or closing agent to collect and disburse to Broker all amounts Payable to Broker.
8. **INTERMEDIARY:** Client  does or  does not authorize Broker to act as an intermediary if Client wishes to acquire one of Broker's listings. If intermediary is not authorized, Client will not be shown or acquire Broker's listings. **In accordance with applicable state law, Broker and Broker's associates: may not disclose to Client that the seller or landlord will accept a price less than the asking price unless otherwise instructed in a separate writing by the seller or landlord; may not disclose to the seller or landlord that Client will pay a price greater than the price submitted in a written offer to the seller or landlord unless otherwise instructed in a separate writing by Client; may not disclose any confidential information or any information a seller or landlord or Client specifically instructs Broker in writing not to disclose unless otherwise instructed in a separate writing by the respective party or required to disclose the information by the Real Estate License Act or a court order or if the information materially relates to the condition of the property; shall treat all parties to the transaction honestly; and shall comply with the Real Estate License Act.**

Broker compensation is not set by law nor fixed, controlled, or recommended by the Association of REALTORS® or MLS. Broker compensation is fully negotiable. Broker is prohibited from receiving compensation for brokerage services from any source that exceeds the amounts stated in this Agreement. This is a legally binding agreement. **READ IT CAREFULLY.** If you do not understand the effect of this Agreement, consult your attorney **BEFORE** signing. The parties authorize the use of electronic signatures for the signing of this Agreement.

Broker's Printed Name	License No.	Client's Printed Name	
Broker's (or <input type="checkbox"/> Broker's Associate's) Signature	Date	Client's Signature	Date
Broker's Associate's Name, if applicable	License No.	Client's Printed Name	
		Client's Signature	Date

# NEW FORM

## Residential Buyer/Tenant Representation Agreement - Short Form (TXR 1507)

# Broker Obligation

## Residential Buyer/Tenant Representation Agreement - Short Form (TXR 1507)

3. **DEFINITIONS:** In this Agreement, “acquire” means to purchase or lease real property. “Market area” means that area in the State of Texas specified as follows (for example, *insert property address, subdivision, city, county, zip code, etc.*):\_\_\_\_\_
4. **TERM:** This Agreement begins on \_\_\_\_\_ and ends at 11:59 p.m. on \_\_\_\_\_.
5. **BROKER OBLIGATIONS: Broker must comply with minimum duties as required by law. Broker may represent other prospective buyers or tenants who may seek to acquire the same properties as Client. (Check only one box)**
- Full Services.** Broker will use Broker’s best efforts to assist Client in the acquisition of property in the market area.
  - Showing Services.** Paragraphs 6, 7, and 8 do not apply. Broker will provide Client with access to properties in the market area. Client will pay Broker a fee of \$ \_\_\_\_\_ due upon execution of this Agreement.

Effective \_\_\_\_\_, Client and Broker amend the Agreement as follows:

A. The "market area" in Paragraph 3 is redefined as \_\_\_\_\_  
\_\_\_\_\_

B. The date the Agreement ends specified in Paragraph 4 is changed to \_\_\_\_\_.

C. **(For TXR 1507 only)**

(1) Brokers Obligations in Paragraph 5 is changed to  Full Services or  Showing Services.

(2) Client  does or  does not authorize Broker to act as an intermediary under Paragraph 8.

**Note: To change Broker's Fees, also complete Paragraph D below.**

D. **(For TXR 1501 and TXR 1507 only)** Broker's Fees in Paragraph 7A are changed to *(Complete all that apply)*:

(1) **(Purchases)** \_\_\_\_\_% of the sales price or \$\_\_\_\_\_.

(2) **(Leases)** \_\_\_\_\_% of one month's rent or \_\_\_\_\_% of all rents to be paid over the term of the lease or \$\_\_\_\_\_.

E. **(For TXR 1501 and TXR 1507 only)** **Bonuses and Other Compensation**: In addition to Broker's Fees listed in Paragraph 7A, Broker will receive other compensation from seller, landlord, or their agent in an amount equal to \$ \_\_\_\_\_ if Client purchases or leases the following property: \_\_\_\_\_  
\_\_\_\_\_ (property address).

F. Client instructs Broker to cease providing services under the Agreement on \_\_\_\_\_ and to resume providing services on:  (1) receipt of further instructions from Client; or  (2) \_\_\_\_\_

The Agreement is not terminated and remains in effect for all other purposes.

G. Paragraph(s) \_\_\_\_\_ are changed as follows:

# Amendment to Buyer/Tenant Representation Agreement (TXR 1505)



## COMPENSATION AGREEMENT BETWEEN BROKERS

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**1. PARTIES:** The parties to this Agreement are:

Listing/Principal Broker: \_\_\_\_\_  
Full Address: \_\_\_\_\_  
Phone: \_\_\_\_\_ E-Mail/Fax: \_\_\_\_\_

Cooperating Broker: \_\_\_\_\_  
Full Address: \_\_\_\_\_  
Phone: \_\_\_\_\_ E-Mail/Fax: \_\_\_\_\_

**2. PROPERTY:** "Property" means the following real property in Texas, together with all its improvements and fixtures:

Full Address or Description: \_\_\_\_\_  
 or as described in an attached exhibit.

**3. REGISTRATION:** Cooperating Broker registers \_\_\_\_\_ (Client) with Listing/Principal Broker.  
Listing/Principal Broker represents the owner of the Property (Owner), and Cooperating Broker represents Client.

**4. TERM:** This Agreement begins on \_\_\_\_\_ and ends at 11:59 pm on \_\_\_\_\_.

**5. COOPERATING BROKER'S FEES:**

A. Fees: When Earned and Payable, Listing/Principal Broker will pay Cooperating Broker (*complete all that apply*):  
(1) (Sale) \_\_\_\_\_ % of the sales price or \$ \_\_\_\_\_.  
(2) (Lease) \_\_\_\_\_ % of one full month's rent Client is obligated to pay under the lease or \$ \_\_\_\_\_.

B. Earned and Payable: Cooperating Broker's fees are Earned when Client enters into a binding agreement during the Term to buy or lease all or part of the Property at any price. Cooperating Broker's fees are Payable (i) if Cooperating Broker is the procuring cause of the sale or lease and (ii) when a lease is executed or when a sale closes, either during the Term or after it ends. Listing/Principal Broker is not obligated to pay Cooperating Broker any fee if, through no fault of the Listing/Principal Broker and in the exercise of good faith and reasonable care, it was impossible or financially unfeasible for the Listing/Principal Broker to collect its fee under the separate agreement with Owner. **Any escrow or closing agent is authorized to pay Cooperating Broker's fee from Listing/Principal Broker's fee at closing.**

C. Related Parties: If a related party of Client agrees to purchase or lease all or part of the Property during the Term, Cooperating Broker will be entitled to all compensation under this Agreement as if Client had acquired the Property. "Related party" means any assignee of Client, any family member or relation of Client, any officer, director, or partner of Client, any entity owned or controlled by Client, in whole or part, and any entity that owns or controls Client, in whole or part.

**6. ENTIRE AGREEMENT:** This Agreement is the entire agreement of the parties and may not be changed except by written agreement. This Agreement supersedes any prior agreement between the parties concerning the same subject matter.

# Compensation Agreement Between Brokers (TXR 2402)





**ADDENDUM REGARDING BROKERS' FEES  
TO CONTRACT CONCERNING THE PROPERTY AT:**

\_\_\_\_\_  
(Address of Property)

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**Note:** This addendum should not be used with the Farm and Ranch Contract (TREC 25-15; TXR 1701).

**A. ADDENDUM CONTROLS:** If any part of this addendum conflicts with a provision in the contract, this addendum will control.

**B. FEES:** Cash fees as specified in this addendum will be paid in \_\_\_\_\_ County, Texas.

**C. LISTING BROKER'S FEE:** Seller shall pay Listing Broker the fee specified in a separate written representation agreement between Seller and Listing Broker.

**D. OTHER BROKER'S FEES:** Other Broker's fees will be paid as specified below, and Buyer shall pay any remaining amount due to Other Broker under a separate written representation agreement between Other Broker and Buyer. *(Check all that apply)*

(1) Listing Broker shall pay \$ \_\_\_\_\_ or \_\_\_\_\_ % of sales price as contained in a separate written compensation agreement between Listing Broker and Other Broker (such as TXR 2402).

(2) Seller shall pay: *(Check one box only)*  
 (a) \$ \_\_\_\_\_ or \_\_\_\_\_ % of sales price as contained in a separate written compensation agreement between Seller and Other Broker (such as TXR 2401).

(b) \$ \_\_\_\_\_ or \_\_\_\_\_ % of sales price towards Other Broker's fees. (Note: Use this option only if there is no separate written compensation agreement between Seller and Other Broker.)

**Amounts in (1) and (2)(a) are for informational purposes only and do not change compensation listed in separate written compensation agreements. Any amount listed in (2)(b) creates a new obligation for Seller.**

**E. AUTHORIZATION:** Seller and Buyer authorize Escrow Agent to pay Listing and Other Broker at closing in accordance with this addendum or other separate written compensation agreements.

**BROKER FEES ARE NOT SET BY LAW AND ARE FULLY NEGOTIABLE.** This addendum confirms or creates an obligation for the payment of broker fees. CONSULT AN ATTORNEY BEFORE SIGNING. TREC rules prohibit real estate brokers and sales agents from giving legal advice. READ THIS FORM CAREFULLY.

\_\_\_\_\_  
Buyer's Printed Name

\_\_\_\_\_  
Seller's Printed Name

\_\_\_\_\_  
Buyer's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Seller's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Buyer's Printed Name

\_\_\_\_\_  
Seller's Printed Name

\_\_\_\_\_  
Buyer's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Seller's Signature

\_\_\_\_\_  
Date

# NEW FORM

# Addendum Regarding Brokers' Fees (TXR 2406 )

## Compensation Agreement Between Brokers (TXR 2402)

## Compensation Agreement Between Broker and Owner (TXR 2401)



# NEW FORM

## Addendum Regarding Brokers' Fees (TXR 2406 )

**D. OTHER BROKER'S FEES:** Other Broker's fees will be paid as specified below, and Buyer shall pay any remaining amount due to Other Broker under a separate written representation agreement between Other Broker and Buyer. *(Check all that apply)*

- (1) Listing Broker shall pay \$\_\_\_\_\_ or \_\_\_\_\_% of sales price as contained in a separate written compensation agreement between Listing Broker and Other Broker (such as TXR 2402).
- (2) Seller shall pay: *(Check one box only)*
  - (a) \$\_\_\_\_\_ or \_\_\_\_\_% of sales price as contained in a separate written compensation agreement between Seller and Other Broker (such as TXR 2401).
  - (b) \$\_\_\_\_\_ or \_\_\_\_\_% of sales price towards Other Broker's fees. (Note: Use this option only if there is no separate written compensation agreement between Seller and Other Broker.)

**Amounts in (1) and (2)(a) are for informational purposes only and do not change compensation listed in separate written compensation agreements. Any amount listed in (2)(b) creates a new obligation for Seller.**



# Communicate Your Value

# ALWAYS COMMUNICATE YOUR VALUE

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We know the value agents who are REALTORS® bring to real estate transactions, and need to continue clearly articulating that value to consumers.

When talking to consumers, focus on what matters to them most, such as:

- Reducing stress in a highly complicated and high stakes transaction, likely one of the biggest of their lives.
- Serving as a trusted advisor through the transaction and demystifying the home buying or selling process.
- Using your extensive experience to navigate difficult negotiations, write the best offer possible, set the right price for a listing, and help consumers avoid common mistakes—all to ultimately help successfully close a transaction, saving consumers money and time.

# EXPLAIN WHAT TO EXPECT IN PLAIN LANGUAGE

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## Written Buyer Agreements

- You will need to sign a written agreement with your agent before touring a home so you understand exactly what services and value will be provided, and for how much.
- Written agreements are required for both in-person and live virtual home tours.
- You do not need a written agreement if you are just speaking to an agent at an open house or asking them about their services.
- Agent compensation for home buyers continues to be fully negotiable.
- When finding an agent to work with, ask questions about compensation and these written agreements.
- Several states already have laws requiring buyer agreements – check your state laws on buyer agreements as you search for an agent.
- **Note:** MLS Participants and buyers are not required to enter into any particular relationship, and will still be able to enter into any type of professional relationship permitted by state law.

# EXPLAIN WHAT TO EXPECT IN PLAIN LANGUAGE

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## Offers of Compensation

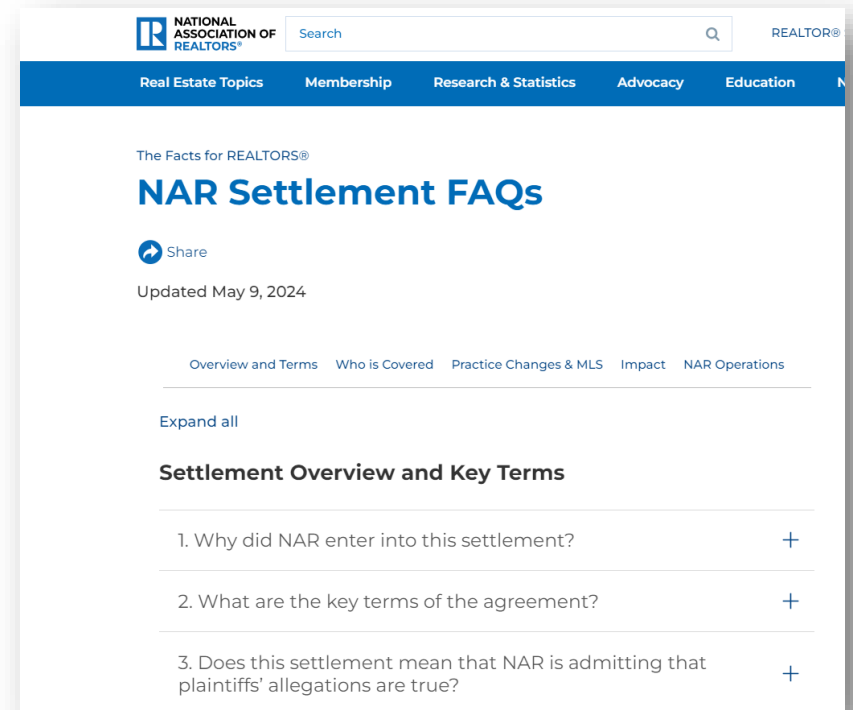
- First and foremost, a REALTOR®'s duty under the REALTOR® Code of Ethics has been and continues to be to have open and honest conversations with consumers throughout the home buying or selling process.
- As before the settlement, REALTORS® must explain compensation is fully negotiable, and offers of compensation remain an option as a matter of negotiation between the real estate professional and the consumer.
- When listing brokers make offers of compensation, under the settlement there are changes to where they may communicate those offers.
- Offers of compensation are no longer allowed on Multiple Listing Services (MLSs)—local marketplaces used by both buyer brokers and listing brokers to share information about home inventory.
- However, listing brokers can still make offers of compensation off-MLS, and sellers can still offer buyer concessions on an MLS (for example, concessions for buyer closing costs).

# SETTLEMENT RESOURCES

Settlement-related resources for NAR members are available at [facts.realtor](https://facts.realtor).

Available resources include:

- Full settlement agreement language
- Settlement overview
- Settlement FAQs
- Summary of MLS Policy Changes
- Explainer videos
- Timeline for key milestones
- Written buyer agreement 101 guide
- Opt-in agreement forms and instructions



# TAKE AWAYS

- On June 24 all forms vendors have these updated and new forms posted for your use.
- You can use these updated and new forms even if your MLS has not removed cooperative compensation yet.
- Use TXR 2701 on August 17 to update any representation agreements that are on pre-June 24 versions to ensure compliance with the new requirements.
- TREC contracts are not changing at this time. They may be updated later.
- All compensation for brokerage services you will receive needs to be clear and authorized by your client.

**Legal Hotline 512-480-8200**

**[www.texasrealestate.com](http://www.texasrealestate.com)**

