

A Loan Officer's Guide to the NAR Settlement

How loan officers can build pipeline and
strengthen their referral network



Introduction: NAR changes push lenders into central role in evolving homebuying experience

The settlement of the National Association of Realtors' (NAR) commission lawsuits represents a seismic shift in the real estate industry. While the final approval of the settlement was just issued in November 2024, the changes took effect in August 2024, bringing immediate and significant impacts for buyers and agents. Most notably, the settlement clearly reshapes how buyers' agents approach contracts and payment structures—and leaves homebuyers navigating new complexities around how to choose an agent and how to cover agent fees in this disrupted landscape.

But the ripple effects are hitting lenders, too—pushing loan officers (LOs) into an even more central role in the homebuying experience. As agents and buyers adjust to the new normal, lenders have a tremendous opportunity to demonstrate their value as a trusted advisor, educating and guiding borrowers on this new landscape as it evolves before their eyes.

Yet, realizing this opportunity is not a given—and there will be a clear separation of winners and losers as the new homebuying landscape takes shape.




In this ebook, we'll explore five essential strategies LOs can implement to succeed in this new era.

Understanding the NAR settlement: What happened?

In a landmark case, the National Association of Realtors (NAR) agreed to a \$418 million settlement following a [jury verdict of \\$1.78 billion](#). This series of lawsuits addressed the issue of standard commission sharing between listing and buyer agents. Plaintiffs argued that the NAR's "participation rule" and "cooperative compensation" practices forced home sellers to pay inflated commissions to buyer agents.

The settlement—which received [final approval in November 2024](#)—stipulated several notable changes, including the end of the standard 6% commission. Sellers are no longer obligated to offer compensation to buyers' agents, and agents must have a signed agreement with homebuyers, covering fees or commissions, before starting the home search.

Three key changes

-  **Commission transparency**
Sellers are no longer required to pay the buyer's agent commission. This change affects buyer and seller behavior and reshapes real estate transactions.
-  **Written buyer agreements**
Agents must now enter written agreements with buyers before showing homes, clarifying compensation expectations early in the process.
-  **Compensation listings on MLS**
Offers of compensation are no longer listed on Multiple Listing Services (MLS). This limits the transparency lenders relied on to understand fee structures and predict transaction flows (i.e., buyer-agent referrals)



Understanding the NAR settlement: What does it mean for the housing market?

The goal of the lawsuits and the resulting reforms was to foster a more open marketplace for real estate agent services: more transparency, more consumer choice, and more competition. Experts anticipate these impacts will unfold gradually, with potential effects including:



Reduction in overall commissions

Currently, American consumers pay around **\$100 billion** annually in real estate commissions. Some **economists estimate** these reforms could reduce commissions by up to 30%.



Higher closing costs for buyers

With sellers no longer covering agent fees, buyers might have to adjust their budgets, potentially reducing down payments to cover agent commissions.



Increased housing turnover

Research suggests a negative association between rising transaction costs and decreasing housing turnover. Flipped around, the significant reduction in commissions may translate to lower overall homebuying costs, which may give the housing market a needed jolt after several years of sharply rising home prices, low housing supply, and higher rates decreasing affordability for most Americans.



Market friction and buyer hesitancy

New commission structures and negotiations could deter some buyers from entering the market, adding to (rather than mitigating) existing affordability challenges.



Agent exodus

An overwhelming **86% of agents think** the changes to commission structures will lead to a significant number of agents leaving the industry. Without guaranteed commissions to fall back on, those changes will hit less experienced agents and those less skilled in negotiating fees the hardest.

Homebuyers face new complexities

The monetary savings to homebuyers from reduced fees will still come at a cost to homebuyers, who will have to understand several new complexities to effectively exercise their newfound choice:

Understanding cost vs. value for real estate agent services

With standard commissions out the window, we'll see greater cost stratification on real estate agent services as agents actively compete on commissions. Buyer's agents will get creative with their pricing structures and fee arrangements. Some agents will likely advertise their fees, promoting either high-value or lower-cost services.

Buyers will increasingly shop around on agent rates/fees. But this opens an entirely new question of how to evaluate price vs. value when choosing a buyer's agent; likely putting first-time or less-experienced homebuyers at a disadvantage.

New complexities in price & closing cost negotiations

The outgoing model rolled agent commissions into the borrower's financing of the home purchase. How buyers pay for agent fees now is up in the air. Buyers may end up paying these costs out-of-pocket.

Of course, buyers can still request that sellers make concessions to cover the buyer's agent fees, in the form of a closing cost credit. This will be especially common among first-time and lower-income homebuyers, who don't have the cash to cover a down payment and an agent commission. But seller concessions are much more difficult to get in a still-red-hot housing market. As is often the case, buyers who come to the table with cash to cover all closing costs will be at an advantage.

Temptation to skip buyer's agent altogether

This may also lead more homebuyers to skip the buyer agent entirely, opting to work directly through the listing agent—and entering into the most expensive transaction of their lives without expert guidance and representation.

What it means for mortgage lenders & loan officers

These industry changes will disrupt the traditional referral flow that many LOs rely on. Key implications for mortgage lenders and loan officers include:



Referral disruption

LOs have traditionally depended on buyer's agents for referrals. This referral pipeline may become less reliable, requiring new strategies to maintain lead flow.



Increased competition

With disrupted referral networks, competition among LOs will intensify. Lenders should look to build relationships with consumers to maintain growth and retention.



Direct lender-agent collaboration

Some lenders may explore partnerships with seller agents, potentially blending loan origination and property transactions in a dual-employment model.



Compliance challenges

As dual employment between real estate agents and LOs becomes more common, lenders will face new compliance considerations.

What lenders need to do now: five strategies for success

Most industry insiders agree that these landmark reforms will make lenders more central to the homebuying process, particularly for first-time and less-experienced homebuyers. We'll also likely see some significant shake-ups to the pipelines of new loans that many loan officers depend on through their partnerships with buyer's agents.

As lenders prepare for this evolving real estate landscape, focusing on core strategies will be critical. Here are five actionable steps for LOs:

1. LOs need to get to borrowers first: The NAR impacts validate that LOs need to get to borrowers first as they begin their homebuying journey. LOs can't be over-reliant on referrals from buyers' agents—they need to take charge of finding buyers and being the primary value-driver in those referral partnerships.

That means embedding themselves in the communities they serve, building out old-fashioned connections to expand their network of potential borrowers. But it also means investing in new forms of **Customer Intelligence** that give them the intent signals to zero in on the right people and reach out at the exact right time.

2. Focus on education & guidance: LOs need to position themselves as the starting point of the **homebuying journey**. They have a huge opportunity to differentiate by acting as a trusted partner to guide borrowers through every aspect.

This means proactive borrower engagement that breaks down new complexities and gives well-timed, useful tips on things like why to work with a buyer's agent, how to choose an agent (more on that later), and how to understand new ways that agent fees (and how you pay for them) will become a factor in offers and closing cost negotiations.



3. Help borrowers understand the price vs. value equation: Many borrowers haven't spent much time considering what value looks like from a buyer's agent—or what that value is worth from a price/fee/commission standpoint. LOs need to help borrowers understand what to look for and what they're paying for, so they can make confident decisions.

Helping borrowers feel empowered in their homebuying experience will pay serious dividends in loyalty and repeat business. And this education around the value of a buyer's agent has the halo effect of supporting agent referral partners as they navigate this challenging new landscape—ultimately helping to protect the value coming through an LO's referral network.

4. Great buyers' agents are more valuable partners than ever: Savvy LOs know that a minority of agents are responsible for the majority of transactions. Finding top producers has always been a main challenge in developing a referral network. Greater transparency and competition will only amplify that stratification between high- and low-producing agents. Good agents will earn even more business as their value becomes clearer—and as competition thins the herd in the [overcrowded real estate agent market](#).

LOs need to make sure they have the tools to [nurture and expand their agent referral network](#). They need to be able to monitor transaction activity in their area to see the top producers, recognize up-and-comers early, and branch out into new geographic areas.

5. Strengthen partnerships with listing agents: Top originators have always leveraged every purchase transaction to entice the listing agent to work with them. The reforms will make it even more important to find new ways to work with listing agents to drive mutual value. From hosting open-house programs to co-marketing with listing agents and using Customer Intelligence to drive proactive outreach, LOs need to help listing agents locate potential homebuyers.

This reinforces an earlier point: LOs need to position themselves as the starting point of the homebuying journey—helping borrowers find the right agent, find the right home, and ultimately connecting them with the right loan.



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Amid certain uncertainty, successful lenders will go back to basics

The reforms stipulated in the NAR settlement stand to fundamentally transform the real estate market, but the full effects will take time to unfold. Market forces will steadily work out the kinks and settle the industry into a new status quo. Plenty of uncertainty remains around what that new normal will look like—and which of the potential positive and negative impacts will come to pass.

One thing is certain: The changes are adding further uncertainty and anxiety among already-stressed homebuyers in a historically challenging housing market.

Lenders who focus on the fundamentals of relationship-building will be best positioned for success. Be ready to show up for borrowers when and how it matters most.

Provide the proactive education, guidance, and support they need. Help them make confident, empowered decisions that move them toward their homeownership goals.

These longstanding keys to success will only become more valuable as the new real estate landscape takes shape over the next year.



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