

Urgent: New Agent Compensation Rules Threaten Black Real Estate Professionals, Create Barriers to Black Homeownership

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/EINPresswire.com/ -- Dr. Courtney Johnson Rose, President of the [National Association of Real Estate Brokers](https://www.nareb.org/) (NAREB), warned today that imminent changes in the agent compensation formula for home purchases threaten the financial stability of Black real estate professionals while creating new barriers to increasing homeownership for African Americans.

“We are entering an uncertain period for Black families and the real estate professionals who serve them,” cautioned Dr. Rose. “For decades, the public, private, and non-profit sectors have worked to overcome the blatant racism that prevented many Black families from becoming homeowners and building generational wealth. We must ensure that new barriers are not constructed that stall or jeopardize our progress.”

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Dr. Courtney Johnson Rose

The real estate industry is aligning with a negotiated settlement in a Missouri case that challenged a decades-old system requiring the agents of home sellers to split the commission on sales with the agents of home buyers. Starting Saturday, August 17, home sellers and their agents

can no longer outline compensation for agents representing buyers within their MLS listings. They can, however, negotiate outside of the official listing.

In practice, buyer agents can no longer depend on the seller's payment from the sales proceeds. That burden may now fall upon the buyers, adding to the cash they need at closing. With average commissions ranging between five and six percent of the home sales price, even a modest home of \$300,000 requires an additional payment of \$15,000 to close the deal. This can

be a challenge for Black homebuyers, who often struggle to save for their downpayment. Adding the agent commission could be even more burdensome for the buyers.

Meanwhile, Black real estate agents (members of NAREB are known as Realtists), who serve on behalf of the buyers over 70% of the time, will potentially suffer the most financial hardship within the industry. Their livelihoods may be at stake.

“This is a devastating hit for our Realtists and other Black real estate professionals,” Dr. Rose said. “Hispanic and Asian agents, who also disproportionately serve as agents for buyers, will also be impacted. This is harmful to the entire real estate

industry, from agents to appraisers to loan officers to mortgage companies, because, with white homeownership at 74%, substantial growth will have to come from people of color. Increasing our homeownership will become more difficult once these rules are in place.”

Specifically, Dr. Rose cited [a study by the National Association of Realtors](#) projecting that 1.5 million Black households, 775,000 Asian households, and 2.2 million Hispanic households are expected to reach the median homebuying age over the next five years. She warned that changes that disrupt this projection could have far-reaching impacts on the nation’s economy.

Moreover, Dr. Rose is concerned that Black homebuyers, many of whom will be purchasing homes for the first time, may proceed without the assistance of an agent because they can’t afford the cost. “Predatory lending scams target Black communities the hardest,” she said. “Our families badly need financial literacy counseling and other information about the steps to buying a home. They need Realtists by their side.”

Further, Dr. Rose said these changes are not the only threat. Recently, she met with the U.S. Department of Justice, which is reviewing the practices within the real estate industry. She asserted that many families and agents could be hurt by their actions and specifically mentioned the vulnerabilities of Black families and real estate professionals.

“Today, we are devising ways to survive the hand that the settlement has dealt us,” Dr. Rose said. “It will be a major adjustment and shift for agents. I receive calls from agents worried that they



Dr. Courtney Johnson Rose, NAREB President

won't survive in the business as buyers' agents. We are assisting and tooling our members with the resources and training they need to continue despite these recent changes. We hosted several sessions on these issues at our recent conferences and are releasing a toolkit to assist our Realtists further."

Dr. Rose said, "The goal of all parties is to increase homeownership because of the societal benefits from building wealth to safer neighborhoods. That should be the priority by all entities and stakeholders rather than altering the industry."

For print or broadcast interviews with NAREB President Courtney Johnson Rose, contact Michael Frisby at Mike@frisbyassociates.com or 202-625-4328.)

ABOUT THE NATIONAL ASSOCIATION OF REAL ESTATE BROKERS

NAREB was formed in 1947 to secure equal housing opportunities regardless of race, creed, or color. NAREB has advocated for legislation and supported or instigated legal challenges that ensure fair housing, sustainable homeownership, and access to credit for Black Americans. Simultaneously, NAREB advocates for and promotes access to business opportunities for Black real estate professionals in each real estate discipline. From the past to the present, NAREB remains an association that is proud of its history, dedicated to its chosen struggle, and unrelenting in its pursuit of the REALTIST®'s mission/vision embedded goal, "Democracy in Housing."

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