

# Selling Notice

April 15, 2024

## Real Estate Commissions and Interested Party Contributions

We are aware of the proposed settlement agreement, subject to court approval, announced by the National Association of REALTORS® (NAR) in the *Burnett et al* and *Moehrl et al* cases. While there are no immediate changes to our *Selling Guide* policies, we are clarifying the current treatment of seller-paid real estate agent fees under our interested party contributions (IPCs) policy.

*Selling Guide* B3-4.1-02, Interested Party Contributions (IPCs) permits interested parties (including property sellers) to make contributions to the borrower's closing costs subject to maximum limits ranging between 2% and 9% of the property value. Typical fees and/or closing costs paid by a seller in accordance with local custom, known as common and customary fees or costs, are not subject to the IPC limits described in *Selling Guide* B3-4.1-03, Types of Interested Party Contributions (IPCs). If a seller or seller's real estate agent continues to pay the buyer's real estate agent commission in accordance with local common and customary practices, these amounts are not required to be counted towards the IPC limits for the transaction.

As part of our standard risk management practices, we continuously review and evaluate our *Selling Guide* policies. We will continue to monitor the various real estate agent commission lawsuits and settlements and evaluate the potential implications to the mortgage industry and our policies.