

# The 6% commission on buying or selling a home is gone after Realtors association agrees to seismic settlement

## Description

CNN has reported a seismic shift within the real estate sector, as the long-standing tradition of a 6% commission in property transactions has been abolished. This decision marks a fundamental transformation in the industry, altering the traditional modus operandi for buying and selling properties.

This monumental change was announced by the National Association of Realtors (NAR), which represents over one million real estate agents. In an unprecedented effort to substantially reduce the costs entailed in property transactions, the NAR has unveiled a settlement with home sellers to terminate ongoing antitrust lawsuits. This resolution involves a compensatory payment of \$418 million in damages and an abolishment of the existing commission rules.

This shift also led to new restrictions. One revolutionary change was stopping the tradition of including agents' fees within property listings hosted in multiple local listing platforms. Observers believe that the previous approach facilitated real estate agents impulses to promote the more expensive properties to prospective buyers. As per the new set of guidelines, there is no expectation for brokers to subscribe to various listing services.

This paradigm shift decimates the existing framework wherein sellers are obliged to remunerate both their own and the buyer's agent. Several critics argue that this structure caused an escalated and artificial inflation of property prices. As per estimates by TD Cowen Insights, this overhaul in the approach towards real estate sales could potentially result in a 25% to 50% reduction of real estate commissions. This opens the door wide for alternative sales models, such as flat-fee and discount brokerages, to capture a more significant market share.

This announcement led to a major upset in the stock market, with shares of real estate firms Zillow and Compass descending over 13%. Investors fear that reduced commission rates could lead to less business for real estate agencies. In contrast, homebuilders such as Lennar, Toll Brothers, and PulteGroup saw an upswing in their shares, gaining 2.4%, 1.8%, and 1.1% respectively.

The fundamental reshaping of the marketplace is expected to end in a mass exodus of brokers — potentially up to half of the recessive 2 million agents presently active in the U.S. Regardless, there might be a silver lining for consumers who can now have more autonomy in choosing agents based on advertising rates.

This groundbreaking settlement is yet to receive judicial approval, but industry figureheads believe it signifies the start of a fiercely competitive property market. Though the precise future may be uncertain, President of the University of San Diego, Norm Miller, believes that this fundamental systemic change could invigorate home buying as buyer's costs are predicted to drop drastically.

Despite the palpable excitement, the looming question is how the U.S Department of Justice might react to this new change. Furthermore, this news arrives amidst leadership turmoil within the organization, and the NAR is still dealing with pending United States antitrust litigations, which further complicates matters.

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Despite these challenges, the organization remains hopeful for a better future.

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## Vocabulary List:

1. **Seismic** // (adjective): Relating to or caused by an earthquake.
2. **Abolished** // (verb): Formally put an end to (a systempracticeor institution).
3. **Antitrust** // (adjective): Opposing or intended to regulate monopolies.
4. **Compensatory** // (adjective): Intended to compensate someone typically financially.
5. **Inflation** // (noun): A general increase in prices and fall in the purchasing value of money.
6. **Exodus** // (noun): A mass departure of people.

## Vocabulary quizzes

### Multiple Choice ( Select the Correct answer for each question. )

1. What is a difficult situation that needs to be dealt with called?  
Option: Assembly  
Option: Predicament  
Option: Recall  
Option: Surge
2. What is a person who exposes secretive information within an organization known as?  
Option: Alleviate  
Option: Whistleblower  
Option: Intensified  
Option: Taxation
3. Which term describes something likely to happen in the future?  
Option: Deferred  
Option: Legislation  
Option: Prospective  
Option: Consequence
4. What is a payment or action postponed until a later time called?  
Option: Critical  
Option: Deferred  
Option: Seismic  
Option: Abolished

5. A sustained increase in the general price level of goods and services in an economy is known as:

- Option: Exodus
- Option: Inflation
- Option: Antitrust
- Option: Compensatory

6. What is the process of making or enacting laws called?

- Option: Cessation
- Option: Prognosis
- Option: Nuance
- Option: Legislation

7. In finance what is a collection of financial investments or assets called?

- Option: Consequence
- Option: Portfolio
- Option: Promising
- Option: Seismic

8. A confusing and difficult problem or question is often referred to as a:

- Option: Revolution
- Option: Conundrum
- Option: Surge
- Option: Amplification

9. What term refers to formally ending or getting rid of a system practice or law?

- Option: Antitrust
- Option: Compensatory
- Option: Abolished
- Option: Intensified

10. A stopping or discontinuance of an action is known as:

- Option: Prospective
- Option: Cessation
- Option: Recall
- Option: Whistleblower

**Gap-Fill ( Fill in the blanks with the correct word from the vocabulary list. )**

11. The evidence presented \_\_\_\_\_ the authorities to take immediate action.

12. The team investigated the source of the \_\_\_\_\_ in the pipeline.

13. The company was fined for violating \_\_\_\_\_ laws by engaging in monopolistic

practices.

14. The success of the mission was dependent on the team's ability to make \_\_\_\_\_ decisions under pressure.

15. The new medication was designed to \_\_\_\_\_ the symptoms of the illness.

16. The company issued a product \_\_\_\_\_ due to a safety concern.

17. The experimental results showed \_\_\_\_\_ potential for further development.

18. There was a sudden \_\_\_\_\_ in demand for the product after the marketing campaign.

19. The company faced a \_\_\_\_\_ shift in market trends requiring a strategic rethink.

20. The competition \_\_\_\_\_ as more players entered the market.

**Matching Sentences ( Match each definition to the correct word from the vocabulary list. )**

21. The of the new car models took place in the manufacturing plant.

22. Players have to bet a certain amount as the before starting the card game.

23. The of the speaker's voice made it clearly audible to the audience.

24. The information was leaked by a who exposed the corruption within the organization.

25. The doctor provided a positive for the patient's recovery after the surgery.

26. The actor's performance was praised for capturing every of the character.

27. Failing to meet the deadline had severe for the project.

28. The investor diversified his to reduce risk in the stock market.

29. The new aimed to protect consumers from unfair business practices.

30. The sudden increase in job opportunities led to a mass of workers from rural areas.



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## Answer

**Multiple Choice:** 1. Predicament 2. Whistleblower 3. Prospective 4. Deferred 5. Inflation 6. Legislation  
7. Portfolio 8. Conundrum 9. Abolished 10. Cessation

**Gap-Fill:** 11. compelled 12. leakage 13. antitrust 14. critical 15. alleviate 16. recall 17. promising 18. surge  
19. seismic 20. intensified

**Matching sentence:** 1. assembly 2. ante 3. amplification 4. whistleblower 5. prognosis 6. nuance 7.  
consequence 8. portfolio 9. legislation 10. exodus

## CATEGORY

1. Business - LEVEL5

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