

OPERATION TIP-OFF

REALTORS® ACHIEVE VICTORY WITH SHORT SALE COMMISSIONS

Washington, D.C. (March 3, 2009) – NAR preserves Realtor® commissions. After extensive lobbying and educational efforts by NAR, Fannie Mae made the attached announcement last week.

Fannie Instructs Its Servicers Not to Cut Commissions on Short Sales

On February 24, 2009, Fannie Mae sent Announcement 09-03 to its servicers instructing them NOT to negotiate commissions on short sales below the amount negotiated by the listing agent (unless the commission exceeds 6 percent). The requirement took effect March 1, 2009. Fannie Mae recognizes that (a) negotiating commissions for short sales is unfair because getting a short sale to closing requires intensive work over many months, often requiring working with numerous buyers, and (b) compensating real estate agents fairly benefits Fannie Mae because agents play a crucial role in short sales. The Announcement reminds servicers that third party approvals (i.e., private mortgage insurers) may be required and can affect commissions. NAR has asked both Fannie Mae and Freddie Mac to strengthen their policies against reducing short sales commissions. NAR welcomes Fannie's announcement, and has urged Freddie to follow Fannie's lead.

NEXT STEPS:

NAR will continue to work with Freddie Mac and other mortgage providers to enact similar regulations that will ensure that Realtors® are compensated fairly.

NAR will continue all actions to preserve the commissions of Realtors® in all real estate transactions.

FAQs

Q. My lender won't pay more than 5 percent. Why not?

A. Fannie's policy only applies to loans it owns or guarantees. If the loan is owned or guaranteed by Freddie, the same policy should apply. Other lenders have other policies.

Q. Why can't Fannie require all servicers to follow its commission policy?

A. Fannie has no jurisdiction over loans that it does not own or guarantee. Servicers handling loans for other lenders and investors are subject to their policies, not Fannie's policies.

Q. What should I do if the servicer for a Fannie loan tries to reduce my commission?

A. Tell them about Announcement 09-03. They can find it at www.efanniemae.com. Just search for "Announcement 09-03."

For Further Information:

Contact Joe Ventrone (jventrone@realtors.org) or Jeff Lischer (jlischer@realtors.org).

Operation TIP-OFF is a service to Realtor® boards and associations from NAR Public Affairs. It is a cooperative exchange of intelligence and information on news media coverage of issues critical to Realtors®. Operation TIP-OFF will provide Realtor® leaders advance information on potential news. Board and associations are urged to share suggestions, tips and information about issues with their members in their markets or states. This is for member use only and should not be distributed externally.