



# Agent Training – April 2025



*Please send me an email confirming that you have received this training document and reviewed it*

- 1) The NEW Information About Brokerage Services (IABS 1-1) was released in February 2025 and is mandatory for use beginning April 1<sup>st</sup>, 2025. There were only 2 additions to the form. They added verbiage about commissions to Listing Agents (*An owner's agent fees are not set by law and are fully negotiable*) and Buyer Agent Fees (*A buyer/tenant's agent fees are not set by law and are fully negotiable*). Please be sure that you are using the NEW form moving forward and that you have replaced any links or posts to the old form on your email signature and/or social media
- 2) Texas Realtors has released a statement regarding Paragraph 12 and Page 10 of the TREC 20-18 One to Four Family Residential Contract. This statement confirms what I explained back in our January training about how the commissions are to be addressed on the contract and who is paying them. [Here is the link to the TXR Video over the new paragraph 12](https://vimeo.com/1062216847?share=copy)

**A) If the seller and listing broker are NOT OFFERING ANY COMMISSION, then nothing is added in paragraph 12 or on page 10. Your Buyer's Representation Agreement would require your BUYER to pay your commission at closing. You will just provide a CDA to the Title Company showing that the BUYER is paying your commission (hopefully this won't happen very often).**

**B) If the LISTING BROKER is offering a co-op commission to the Buyer's Agent then you will need a TXR 2402 Agreement Between Brokers and you will also put the commission amount at the bottom of page 10 of the contract. DO NOT PUT ANYTHING IN PARAGRAPH 12 OF THE CONTRACT. Make sure your CDA says LISTING BROKER as the person that is paying your commission.**

**C) If the SELLER is offering a commission to the Buyer's Agent then it goes in Paragraph 12A1b of the contract. No additional form is needed and you DO NOT PUT ANYTHING AT THE BOTTOM OF PAGE 10. Make sure your CDA says SELLER as the person that is paying your commission.**

**D) If there is more than one party paying the Buyer Agent commission then use the procedures above to ensure the correct amount is identified on the contract for each party. For example, if the seller is only offering a 1% commission and you are getting an additional 1.5% commission from your buyer to cover the difference for a 2.5% commission, then you would enter 1% in paragraph 12A1b of the contract to show that the seller is paying 1% commission. The other 1.5% would be shown on your CDA as coming from the Buyer. So your CDA would show 1% from the seller and 1.5% from the buyer for a total of 2.5%. The majority of transactions are still showing the seller or listing broker offering a buyer agent commission but it's very common that it won't be 3% anymore. You need to decide how much you are willing to accept as an agent for your time and expertise.**

3) Remember that the whole reason for the NAR lawsuit was because sellers felt that they were being “forced” to pay buyer’s agents a commission and had no say so in the matter because the listing agents “required them to do so in the Listing Agreement”. Although this is partially true, the seller actually had the right to say no all along but they just never pushed the matter. Today, sellers have become a little more savvy and are being a little more frugal with what they offer the Buyer’s Agent. It’s very common to see 2.5% or even 2% these days instead of the more common 3% in the past. The real issue here is that the seller is **NOT REQUIRED** to offer any commission at all, and if they do, they are **NOT REQUIRED** to tell you an amount upfront. The main reason for the NAR lawsuit was to give sellers the ability to **NEGOTIATE** any commission as part of the deal. If they offer a 2.5% commission upfront then they cannot negotiate it because they have already disclosed the amount they are offering. As a buyer’s agent it doesn’t really matter if you know what, if any, the commission is because you already have a written agreement with your buyer to be paid. Whatever your buyer has agreed to pay you, just write that amount into paragraph 12A1b and see what the seller says. It’s no different than putting a price in paragraph 3 of the contract. The seller will either like your offer or they won’t. So, the commission is now part of the negotiating process just like the price, seller contribution, home warranty and closing date are. Both sides have to agree on everything before we have a signed and executed contract. If a home is listed at \$300,000 and you offer \$290,000 and also ask for 3% in 12A1b , don’t be surprised if they say no. Maybe they are ok with \$290,000 but not if you add an additional 3% out of their pocket too. Negotiating on what works best for your buyer **AND** the seller is the only way to get a deal accepted (and always has been). As a **LISTING AGENT** I no longer offer a commission to buyer agents and I do not put any co-op commission in the listing agreement. Why? Because I want the seller to decide what they are willing to offer a buyer’s agent depending on each individual offer. If the offer is good, the seller will pay you what you want. If the offer is crap, then the seller isn’t paying you anything, you can get your money from your buyer instead (good luck with that). As a Listing Agent my job is to represent the seller and their best interest. Having them offer a commission upfront takes away part of their negotiating power. Let the buyer agent submit an offer and let’s see what the bottom line is for the seller. We can then counter-offer based on what they submitted. Of course a lot of this depends on the market as well. With interest rates still near 7% and insurance costs sky high, along with property taxes, it’s tough for buyers to qualify for homes and the Days On Market in our area is longer than normal. Predictions are heading for a Buyer’s Market with home prices leveling off or even dropping. This will impact what sellers are willing to do to get their homes sold. Remember that 3% of zero is zero and that 1% of \$400,000 is \$4000. Getting paid something is better than getting paid nothing.

- 4) On March 26<sup>th</sup>, HUD released the following policy change regarding FHA loans: HUD has announced that **non-permanent residents will no longer be eligible for FHA financing**, starting in May. This is a change from the previous policy, where certain non-permanent residents (such as individuals with specific types of visas or work permits) could qualify. Buyers that may be impacted by this policy change should consult with their LOAN OFFICER to look at all their loan options. As agents, we should refer our buyers to a loan officer for the correct advice and opinion.
- 5) Last week I showed 12 rental homes in various parts of Houston. Not a single one of these rental homes met the Texas Property Code requirements regarding door locks and door viewers. I keep harping on this issue because the agents listing these homes could be sued by the tenant should something happen to them after they move in and the home does not meet the Texas Property Code requirements. If you are a LISTING AGENT and have a rental property, do not put it on the market until the owner has brought the home into compliance with the Texas Property Code concerning rental properties. If you are a BUYER'S AGENT, do not allow the tenant to move in to a home that does not meet the Texas Property Code requirements. Notify the listing agent and/or owner and make sure they understand IT'S TEXAS LAW. You can also write it in to Special Provisions of the lease that the home must meet the Texas Property Code requirements. Here is the video link that discusses the requirements. We have discussed this before, but I need to be sure you understand this is a big deal. <https://www.youtube.com/watch?v=Bwr1vtUeS64>

