

Why did HomeServices elect to settle this case?

While we had strong confidence in the robustness of our appeal and can confidently state that at no time did HomeServices ever engage in any of the conduct alleged in these cases, we were also acutely aware of the lengthy and unpredictable nature of the appellate process and numerous copycat cases that have been filed. During this period, our agents and franchisees would have faced ongoing uncertainty. Our decision to settle was made after thorough deliberation, prioritizing the immediate and future welfare of our agents, franchisees, and the business models upon which they rely. This settlement brings stability and relief, enabling us to refocus on our core mission without further distractions.

Is HomeServices admitting wrongdoing as part of the settlement?

No. In the settlement agreement, HomeServices expressly maintains that neither its companies, agents nor franchisees engaged in any of the activities alleged in the lawsuits.

Why is HomeServices' settlement amount higher than some of the other defendants?

Settlement amounts with the plaintiffs were solely determined on a financial ability to pay analysis and not reflective of any culpability or liability.

What does it mean for the other copycat cases – is HomeServices still involved in those cases?

The announced settlement is a nationwide settlement, meaning if approved, it would apply to all home sellers who sold a home through any MLS during the applicable time period. HomeServices will work with legal counsel to resolve HomeServices' involvement in these other matters.

When will we know if the settlement is approved?

We anticipate a hearing and preliminary approval by the court of our settlement in the next 30 days. Following preliminary approval, a notice and objection period will commence in which claimants are formally notified of the settlement and can file any objections. After this objection period, a final hearing will likely be held in late 2024 at which time the settlement will receive final review by the court.

As an agent, am I included in the settlement?

Yes, a critical component of the settlement was ensuring that agents affiliated with our HomeServices companies, and those agents affiliated with our franchisees, were released from all liability associated with the claims alleged in these anti-trust cases.

If a local operating company is named in one of the copycat cases, is the company automatically dismissed from that case?

HomeServices operating companies would not automatically be dismissed from pending copycat cases. However, since the settlement operates a national settlement of all home seller claims, HomeServices would commence efforts to conclude our companies involvement in those cases.

What impact does this have on the appellate rights of HomeServices?

As part of the settlement, HomeServices will suspend its right to appeal the verdict entered in the Sitzer/Burnett case. If the settlement receives final approval, HomeServices' appellate rights will be concluded.

What happens if the court does not approve the settlement?

In the event the settlement would not receive final approval from the court, the parties would be restored to their same position prior to settlement. Meaning, HomeServices would still have available its appellate rights to challenge the verdict entered in the Sitzer-Burnett case.

What are the non-financial terms of the settlement, are there changes to the business practices of HomeServices, its companies and agents?

As part of the settlement, HomeServices has agreed to continue, or implement certain business practices. This applies to all HomeServices companies but does not directly apply to independently owned and operated franchisees. Franchisees will make their own independent legal analysis and determinations regarding these business practices.

1. Inform agents and franchisees that HomeServices does not require agents to make offers of compensation or accept offers of compensation and that such offers are not required to be unconditional or unilateral in nature.
2. HomeServices and agents affiliated with HomeServices' companies must make clear to sellers and buyers that commissions are not set by law and are subject to negotiation.
3. HomeServices and its agents representing buyers must be transparent in the cooperative compensation offered on any listing that a client requests information.
4. Include in listing agreements and buyer representation agreements that commissions are not set by law and are subject to negotiation. In the event a specific market utilizes a government form that does not contain these express provisions, these disclosures need to be included in a separate form.
5. HomeServices and its agents that represent buyers must be transparent in the structure of their compensation and may not advertise or represent that their services are free.
6. HomeServices companies may display offers of compensation on its own listings appearing on company websites.
7. HomeServices will refrain from implementing any technology or service that permits listings to be searched or filtered based on the level of compensation being offered.
8. Expressly advise agents and franchisees of their obligation to show properties regardless of the level of compensation being offered.
9. Develop and implement training materials that are consistent with these business practices.

You will recognize that many of the practices articulated above are current best real estate practices and ones that we should all strive to make more consistent and uniform throughout our industry. Furthermore, it's important to note that, beyond those provisions explicitly outlined in the settlement agreement with HomeServices, the additional terms included in the settlement with the National Association of Realtors are also applicable to HomeServices and its franchisees. Please see the accompanying HomeServices Settlement Guide for greater detail into the amended business practices contained in HomeServices' settlement agreement, as well as the settlement agreement entered by NAR.

When must these business practices be implemented?

Pursuant to the terms of the settlement, these practices will be implemented by HomeServices, its companies and agents no later than the effective date of the settlement – which will occur upon final approval of the settlement by the court and the dismissal of HomeServices from the underlying cases. We would anticipate this timeframe to be in the next several months. This is in addition to the practice changes announced by NAR in its settlement, which are scheduled to go into effect in mid-July 2024. For those independently owned and operated franchisees, decisions on the recommended business practice changes in the HomeServices' settlement will be made by the franchisee owners and operators.

As an agent, am I allowed to discontinue my membership with the National Association of Realtors?

HomeServices has never required its companies, franchisees or agents to be members of the National Association of Realtors (NAR). In many markets, membership with NAR may be a condition of joining the local Multiple Listing Services (MLS) along with the corresponding local and State Realtor Associations. The specific settlement with HomeServices does not automatically alter or amend these local rules. Future policy changes within the industry may amend these rules, and if that occurs, HomeServices will issue further guidance. Franchisee owners and operators will make their own determinations regarding NAR membership for their respective companies and affiliated agents.

As a result of the settlement, can past clients seek reimbursement of claims related to commissions from me directly?

No, the court will administer a formal claims process by which all members of the class of plaintiffs must follow to assert a claim to a portion of the settlement funds. The court will approve a process by which potential class members are notified. You will have no responsibility in having to assist in this process.

If a client asks about the settlement, what should I say?

It is likely that most of the media coverage of the settlement will reference HomeServices of America as the settling party and local operating company brands may not be mentioned. However, in the event a consumer does ask you about the settlement, below is an appropriate response:

Agents Affiliated with HomeServices-Owned Brokerages - *“While the parent company of our brokerage elected to enter into a settlement to resolve the outstanding class-action cases, the settlement agreement expressly denied our participation in any of the activities alleged in the lawsuits. Throughout, we’ve maintained a steadfast commitment to ethical practices, prioritizing transparent and fair services in line with the highest industry standards. This resolution allows us to continue focusing on what we do best – providing exceptional real estate services to our clients.”*

Agents Affiliated with Independently Owned & Operated Franchisees - *“While the franchisor of our brokerage elected to enter into a settlement to resolve the outstanding class-action cases, the settlement agreement expressly denied our participation in any of the activities alleged in the lawsuits. Throughout, we’ve maintained a steadfast commitment to ethical practices, prioritizing transparent and fair services in line with the highest industry standards. This resolution allows us to continue focusing on what we do best – providing exceptional real estate services to our clients.”*

Settlement FAQs for Agents and Employees

If a client further asks about participating in the settlement, what should I say?

“Thank you for reaching out regarding the notice you received about a nationwide settlement in the real estate industry. We understand that this notice pertains to individuals who sold their homes during specific periods, as detailed in the notice. This settlement is relevant regardless of which real estate brokerage was used for listing and selling the property.

While we recognize your concerns on this matter, please understand that, as real estate professionals, we are not able to offer direct advice or guidance on legal settlements. However, it’s important for you to be aware of and understand the deadlines mentioned in the notice. These deadlines are crucial as they govern your rights to participate in, object to, or opt out of the settlement.

For detailed information and guidance on the settlement, including any action you may need to take, we strongly recommend referring to the specific details provided in the notice. Additionally, the notice should direct you to a dedicated website or contact point for further inquiries and information. We advise consulting with a legal professional if you require more personalized advice regarding your rights and options under this settlement.”