

## 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.



Industry Letter 04-15-2024

# Commissions Paid to Real Estate Agents

Issued 04/15/2024

**TO: Freddie Mac Sellers**

**SUBJECT: COMMISSIONS PAID TO REAL ESTATE AGENTS**

There have been recent inquiries concerning a proposed settlement agreement, subject to court approval, entered into by the National Association of Realtors® (NAR) in the *Burnett et al* and *Moehrl et al* cases. This Industry Letter addresses the current treatment of property seller-paid buyer agent fees under our interested party contribution requirements.

## Interested party contributions

In [Guide Section 5501.5](#), property sellers are permitted to make financing concessions toward the Borrower's Closing Costs in maximum amounts between 2% and 9% of the property value. Fees or costs customarily paid by the property seller according to local convention are not subject to these financing concessions limits. Buyer agent fees have historically been fees customarily paid by the property seller or property seller's real estate agent, and, as such, they are currently excluded from these financing concession limits. If these fees continue to be customarily paid by the property seller according to local convention, they will not be subject to financing concessions limits.

It is our standard practice to continuously evaluate our requirements to determine whether updates are appropriate based on changes to the market and industry. We will continue to monitor and assess the impact of the proposed NAR settlement and other real estate agent commission lawsuits to determine if any updates to our requirements are necessary.

## CONCLUSION

If you have any questions about the content of this Industry Letter, please contact your Freddie Mac representative or call the Customer Support Contact Center at 800-FREDDIE.

Sincerely,

Kevin Kauffman  
Senior Vice President, Single-Family Seller Engagement

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