



Missouri REALTORS® Brokers,

This month's *Broker Connection* is packed with legal and legislative updates, including:

- Use of MSC-4025R "Compensation Agreement Rider"
- Standard Forms Instruction Manual Update and 2024 Revisions Resources
- CFPB Guidance on Contract-for-Deed Arrangements
- FinCEN Issues New Anti-Money Laundering Rule for Real Estate

Plus, information about upcoming webinar on, "Uncovering Hidden Truths About High-Performing Teams," and more. We also encourage you to visit broker.realtor for additional resources, and stay tuned to the [Brokers Community](#) on THE LANDING for updates specific to Missouri.

If you have any questions, or are searching for specific resources, please don't hesitate to contact me directly, or anyone on our dedicated Missouri REALTORS® [staff](#) and [volunteer leadership](#) teams.

Sincerely,

Breanna Vanstrom, MBA, RCE, CAE
CEO, Missouri REALTORS®
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LEGAL UPDATE

Use of MSC-4025R "Compensation Agreement Rider"

The Compensation Agreement Rider form (MSC-4025R or "**Rider**") can be used when the parties to a sale contract wish to negotiate or establish terms of compensation for the Broker assisting the Buyer (or "Buyer's Broker") which is indicated by checking the box in Section 24 of the Sale Contract. The Rider allows for the parties to 1) establish or negotiate the amount of cooperating compensation being offered from the Seller's Broker to the Buyer's Broker; and/or 2) establish or negotiate an amount of compensation the Seller will pay to a Buyer's Broker from the proceeds of the sale.

This Rider is **NOT REQUIRED** and should only be used when the parties (Buyer and/or Seller) want to negotiate the compensation being paid in some way as part of their transaction. Just as there is no "typical" transaction, there is no "standard" commission/compensation rate. **ALL** broker compensation is fully negotiable and is not set law. That being said, the Rider was carefully drafted to comply with applicable federal and state laws (including the license law requirement that any agreement by a client/customer to pay a broker be in writing and signed by the person paying and the broker), the Code of Ethics, and the NAR settlement practice changes. Brokers are encouraged to use the Rider rather than write language related to compensation in the Special Agreements portion of the Contract. If the Special Agreements portion is used, then the box in Section 24 of Sale Contract should not be checked, and the language inserted in Special Agreements should be prepared by legal counsel to ensure compliance with all applicable laws and rules. More information about MSC-4025R can be found in the [Instruction Manual](#) and in the [materials at this link](#).

Standard Forms Instruction Manual Update

Reintroduced by the Missouri REALTORS® Risk Management team earlier this year, each section of the Missouri REALTORS® Forms Instruction Manual includes line-by-line instructions on how to complete certain MR forms, including the NEW "Compensation Agreement Rider" (MSC-4025R). The manual is [provided in an electronic format](#) and can be downloaded and used electronically or printed.

2024 Standard Forms Revisions

A recording of Missouri REALTORS® webinar focused on mid-year form revisions, which went into effect on July 29, 2024, is available. This informative session covers crucial updates to listing agreements and buyer's agency agreements. It also includes an in-depth discussion of the residential sale contract in addition to NEW form MSC-4025R "Compensation Agreement Rider."

To access the recording, please click the provided link: [Mid-Year Forms Revisions Recording](#)

Missouri REALTORS® website has also been updated to include a new [Standard Forms and Revisions Mid-Year Update](#) page. Visit the [Standard Forms page](#) for a complete list of all Missouri REALTORS® forms, including a "clean" & "redlined" copy of each new and revised form.

Direct licensing is also available for Missouri REALTORS® forms for brokers to use in their in-house management systems. We have created an [introductory video](#) (or refresher) highlighting a few of the services we provide.

In addition, Missouri REALTORS® approved revisions to several forms at the 2024 Fall Business Conference. These revisions will be effective on December 02, 2024. A complete list of the revisions (along with clean and redlined copies of the forms) [can be found here](#) along with the presentation slides from the Risk Awareness/Residential Forms Committee meeting. Additional updates and resources will be made available on the [STANDARD FORMS](#) page of

our website next month.

For questions related to Missouri REALTORS® Standard Forms, contact [Legal Line](#) at (573) 447-5278.

Please continue to check [facts.realtor](#) for frequent updates to key practice changes required by the settlement, including updated FAQs.

NAR Settlement Resources

NAR is continuing to provide resources related to the settlement, including their "Consumer Guide" series. The guides in this series are available for download-in both English and Spanish-on [facts.realtor](#). For ease of reference, below is a running list of the resources published to date:

[Multiple Listing Services](#)

[Seller Concessions](#)

[Why Am I Being Asked to Sign a Written Buyer Agreement?](#)

[Open Houses and Written Agreements](#)

[REALTORS'® Duty to Put Client Interests Above Their Own](#)

[What Veterans Need to Know About Buying a Home](#)

[Offers of Compensation](#)

[Negotiating Written Buyer Agreements](#)

Future Changes to Missouri REALTORS® Standard Forms

Missouri REALTORS® carefully monitors changes in the law and considers feedback from members, local boards, and other REALTOR® Associations across the country to guide forms revisions and updates, or to create new forms, when necessary. This process ensures that Missouri REALTORS® standard forms are legally compliant and relevant to current market conditions, and now, compliant with the recent NAR settlement (visit [facts.realtor](#) for details).

More than ever, it's important that Missouri REALTORS® provide standard forms that minimize conflicts to promote smooth and efficient transactions for brokers across the state and provide the options and flexibility our members need to do business pursuant to their own company's policies and practices.

As such, we will continue to make any necessary revisions based on any new information or requirements that may arise; however, at this time, we have opted to keep clauses related to cooperative compensation in our standard forms, based on input from outside anti-trust counsel and a review of Missouri license law and the settlement.

While this could change should new guidance from NAR or others be issued, the rationale for keeping those options in our forms is straightforward; while cooperative compensation is now prohibited from being communicated through or facilitated by a multiple listing service, the practice continues to be allowed under the settlement and by Missouri license law.

While some brokerages have made the policy decision to move away from cooperative compensation altogether, some have not, and others are still considering their options. We want to ensure that Missouri REALTORS® standard forms meet the needs of a variety of business models and brokerage policies, with the expectation that brokers are educating their agents about how best to use these forms options in accordance with such policies, the settlement, as well as the preferences of their clients.

We want to thank everyone who has provided feedback and comments, and we encourage you to continue doing so. We'll continue to be on the lookout for any potential changes that are required, and keep you informed on any issues that may arise. Please contact Missouri REALTORS® General Counsel and Vice President of Risk Management Robert Campbell, at robert@morealtor.com with any questions.

ADVOCACY UPDATE

CFPB Weighs in on Contract-for-Deed Arrangements

The Consumer Financial Protection Bureau (CFPB) issued an [advisory opinion](#) and research on contract-for-deed financing arrangements. This announcement makes clear that such arrangements fall under the Truth-in-Lending (TILA) laws which require the lender to prove the borrower has the ability to repay the loan, to provide disclosures, and limits balloon or bullet payments.

Contract-for-deed or land contracts are agreements for a buyer to make regular payments on the property to the owner at the end of which time, they receive the deed. These arrangements were rife with exploitation during the 1970s and 1980s and are still common in some communities. They often carry high rates, quick foreclosure processes, and limit home buyers' ability to recoup maintenance or improvement expenses.

This clarification by the CFPB will also impact FinTech companies that offer to purchase a home for a borrower, which the borrower then pays back or has a finite period within which to purchase the home. It also highlights some of the murky agreements that affect some equity sharing deals, an issue NAR's Shared Equity Work Group is currently contending with.

FinCEN Issues New Anti-Money Laundering Rule for Real Estate

Recently, the Financial Crimes Enforcement Network (FinCEN), a Bureau within the U.S. Treasury Department issued a [final anti-money laundering rule](#) for the real estate industry. In February 2024, NAR submitted a formal comment in response to FinCEN's proposed anti-money laundering rule on this issue. The final rule requires certain real estate professionals to report information for non-financed residential real estate transactions, and transfers of real estate to trusts or legal entities. The rule imposes a cascading reporting regime, which requires closing or settlement agents to provide certain transaction information and details. Alternatively, the real professionals can also designate a specific professional to be responsible for reporting. FinCEN explained that it expects reports to be filed primarily by settlement agents, title agents, insurance agents, or attorneys; however real estate agents are

not explicitly exempt from reporting under the rule. The rule also imposes recordkeeping requirements as well. The rule goes into effect on December 1, 2025.

In addition to the rule, FinCEN issued two resources, the [FinCEN Residential Real Estate Rule Fact Sheet](#) and a [Frequently Asked Questions](#) document.

NAR will continue to monitor this rule, and will provide updates, educational resources, and guidance to members regarding this rule. [Read more in FinCEN's press release](#).

NAR Submits Comments on Fannie Mae and Freddie Mac's Duty to Serve Plans

NAR submitted comments to the Federal Housing Finance Agency (FHFA) regarding Fannie Mae and Freddie Mac's (the GSEs) Duty to Serve Plans. FHFA requires the GSEs submit plans in three-year increments about how they are going to serve traditionally underserved markets, especially for rural housing, manufactured housing, and very low-, low-, and moderate-income consumers. The proposed plans align closely with NAR policy, and we thank FHFA and the GSEs for continuing to explore and execute plans to help underserved markets.

We especially applaud their dedication to multifamily housing in rural communities, dealing with issues surrounding heirs' property, energy efficiency upgrades, and Low-Income Housing Tax Credit (LIHTC) investments. We also suggest that FHFA explore ways that the GSEs can provide funds for condominium complexes that have significant deferred maintenance. This will help to not only preserve and strengthen current housing stock, but also repair complexes and bring them in compliance with GSE lending standards. This would create safer housing while also making more complexes open to conventional lending. [Learn more](#).

Become a Member of the REALTOR® Party Team | Apply Today!

The General Election is just around the corner! Regardless of the outcome, we want to be sure we continue to build and maintain strong connections in Jefferson City and Washington DC. We are asking any Missouri REALTOR® who has substantive relationships with any candidates for a State House, State Senate, or a Congressional seat to apply to serve as their key REALTOR® contact - known as a State Political Coordinator (SPC) or a Federal Political Coordinator (FPC). The National Association of REALTORS® makes the FPC appointments, and your Missouri REALTORS® Leadership Team makes the appointments for SPCs. In situations where there are multiple applicants for a position, one will be chosen as the FPC or SPC and others will be added as members of their "Team" who works with the Member of Congress or Legislator.

Please use [this form to apply to serve as an FPC](#) and [this form to apply to serve as an SPC](#). Applications must be submitted by the close of business on October 29, 2024. Contact Missouri REALTORS® Vice President of Government Affairs and Local Board Relations Erin Hervey with questions at erin@morealtor.com.

Announcing the New Pro-Property Platform

Pro-Property Platform is a new giving platform that enables individuals to contribute directly to pro-REALTOR®, pro-property rights congressional candidates and incumbents of their choice. The Platform is a new way for us to participate directly in building a pro-REALTOR® Congress.

Giving directly to our congressional champions through [Pro-Property Platform](#) labels our dollars as pro-REALTOR® and sends a powerful message about the strength of our industry.

This won't replace RPAC, it isn't a mini-President's Circle – but it is a new tool that will amplify the impact of RPAC's investments in candidates – delivering winning resources to campaigns.

There are no goals for state and local associations

If you have any questions, please contact the Platform team at info@propertyplatform.com.

BROKERAGE MANAGEMENT

Webinar | Uncovering Hidden Truths About High Performing Teams

Wednesday, Oct. 23 at 12 p.m. CST

Whether you own or have a team or run a brokerage as a team, this NAR Webinar will be the most important thing you do to gain profitability. Verl Workman, CEO of Workman Success Systems, shares inside secrets of what makes teams fail and how to avoid the top five mistakes almost every team leader makes when they start.

- Learn how teams are dealing with new rules around compensation
- Learn how to hire, find, and develop A-Players
- Learn how to keep your best performers on the team without holding them back from growth.

[Learn more and register now.](#)

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