

VA Loan Guaranty Service

VA Updates Home Loan Benefits to Help Veterans Remain Competitive



VA Loan Guaranty Service (LGY) Takes Action Following National Association of Realtors® (NAR) Settlement

In March 2024, the National Association of REALTORS® (NAR) reached a settlement in a class-action lawsuit that requires NAR to change its brokerage fee rules. Before that settlement takes effect, VA announced that eligible Veterans, active duty service members and surviving spouses who use their VA home loan benefits can pay for certain real estate buyer-broker fees when purchasing a home beginning Aug. 10, 2024.

What is the impact of this settlement?

The full impact of the settlement is not yet certain because the real estate market is still adjusting, but there may be an increased expectation that home buyers will pay for their own buyer-broker fees. In VA's program, it has been common practice for sellers to pay for the Veteran's buyer-broker fees.

Why does this potential change matter for Veterans using the VA-guaranteed home loan benefit?

Previously, Veterans could not pay buyer-broker fees when purchasing a home with a VA home loan. In light of the settlement, Veterans could be at a disadvantage in the evolving homebuying market, so VA released this update to make sure that Veterans using the [VA-guaranteed home loan benefit](#) remain competitive buyers. This update also helps ensure VA's programs continue to promote access to homeownership.

What does this mean for you?

Simply put: Veterans using VA home loan benefits can still negotiate and may pay for their real estate professional's commission (i.e., the buyer-broker fee), beginning Aug. 10, 2024, subject to certain safeguards. VA encourages Veterans to seek out the services of mortgage lending and real estate professionals who have experience with the VA home loan program to ensure they are familiar with the specifics of compensation negotiations and the impact of the settlement on home purchase contracts.

Should you negotiate these fees?

VA encourages Veterans to negotiate buyer-broker fees with their real estate professional. Veterans can also still ask sellers to cover the buyer-broker fees at closing. In addition to other safeguards, all buyer-broker fees charged to Veterans using the home loan benefit must be reasonable and customary within local markets.

Will there be future updates?

The full impact of the settlement on the real estate market is yet to be determined. The temporary measures will help ensure that Veterans are not negatively impacted by the class-action settlement. VA will continue to monitor how the settlement affects the brokerage market, as well as new models of realtor commissions that may emerge, and do what it can to help lower costs, boost competition and increase avenues to home ownership. VA looks forward to pursuing a rulemaking. Rest assured: VA will do everything in its power to make sure Veterans are not disadvantaged in the homebuying process.

For additional information about this update, please visit [Circulars: Calendar Years 2021 to Present – VA Home Loans](#).