



LEGAL HOTLINE Q&A

FROM GET THE FACTS, May 28, 2024

Question:

A seller is refusing to pay compensation to a buyer brokerage on a contract where the buyer has Veteran status (and not allowed to compensate their Realtor). What is the response to seller? Is this a violation of fair housing? Isn't Veteran a protected class and the seller is obligated to pay compensation? What recourse is there from buyer against seller in this matter?

Answer:

Based on the facts presented, seller is not discriminating against buyer because buyer is a Veteran. If seller were discriminating on that basis, that would be a violation of the Fair Housing Act. Instead, seller is refusing to pay buyer broker's compensation, a decision that any seller is free to make. No state or federal law compels a seller to pay buyer broker's compensation. The result of seller's decision as it relates to a buyer who is taking a VA loan is that buyer's broker cannot be compensated, effectively eliminating any possibility of the VA buyer benefiting from representation in the transaction. That outcome, however, is the result of buyer choosing to use a VA loan product and not because seller is refusing to sell to buyer because buyer is a Veteran. The Fair Housing Act does not guarantee a VA buyer the right to compel seller to compensate buyer's broker.

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