

# **NAEBA Responds to Minnesota Class Action Suit: Exclusive Buyer Representation Eliminates Conflicts of Interest at the Heart of Suit**

PRINCETON, NJ -MARCH 9, 2007 – Problematic business practices by “traditional” real estate brokerages are currently being scrutinized in a Minnesota district court. The outcome of the Minnesota class action suit could have implications for the real estate industry across the country, according to Jon Boyd, president of the National Association of Exclusive Buyer Agents, an organization dedicated to eliminating conflicts of interest in real estate transactions and protecting home buying consumers from unfair business practices that can emerge from traditional real estate brokerages.

Two real estate buyers in Minnesota filed a suit on February 21 against Coldwell Banker Burnet Realty, one of the largest real estate brokers in the state. The suit alleges that agents steered buyers to companies for title and settlement work with whom the Coldwell Banker Burnet Realty company are affiliated – costing them hundreds of dollars more in fees than those that would have been available through other companies.

According to Boyd, the practice of Affiliated Business Arrangements is often extremely unfair to the consumers who count on their agent to represent their interests zealously.

“Affiliated Business Arrangements don’t just cost homebuyers and home sellers more money, they often make the transactions more difficult. NAEBA’s Exclusive Buyer Agents often face resistance from listing agents when the buyer wants to choose the best provider and the listing agent wants to choose their affiliated company – usually because of a financial incentive they have for the referral,” Boyd said. “Oftentimes, the seller doesn’t even know this debate is going on. In some extreme cases we’ve seen, the listing agent’s desire to use the affiliated company is so strong, they will push the buyer away from the transaction – a practice that is clearly damaging to both sides.”

NAEBA members have made a pledge to eliminate all conflicts of interest by acting solely on behalf of the buyer’s best interest in a transaction. This means that they will help the buyer shop for the best companies and best prices to conduct inspections and do title, settlement, closing and mortgage work. The use of the listing agency’s affiliated companies is rarely the best course of action, unless the buyer has researched the field and determined that the affiliated company has the best service and price and can guarantee no conflicts of interest will arise because of their relationship with the listing agency.