



Department of Justice

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MONTANA BOARD OF REALTY REGULATION PERMITS REAL ESTATE BROKERS TO OFFER REBATES TO CONSUMERS

Amended Rule Will Benefit Consumers of Real Estate Services

WASHINGTON – The Department of Justice announced today that the Montana Board of Realty Regulation has voted to repeal a rule forbidding real estate brokers from offering rebates and other incentives to their customers. The Board took this action in response to an investigation by the Department’s Antitrust Division. The Department said that the rule change will benefit consumers seeking real estate services in Montana by removing a key impediment to competition between real estate brokers.

The Board voted to amend the Administrative Rules of Montana to delete language providing that holders of real estate licenses may not “solicit business by offering gifts, rebates, or promotional items.” The amended rule approved today also clarifies that the payment of a rebate to a buyer or seller in a real estate transaction is not an unauthorized payment of a commission to an unlicensed person.

“Amending this rule to allow rebates in real estate transactions is a good change for Montana consumers,” said Thomas O. Barnett, Assistant Attorney General in charge of the Department’s Antitrust Division. “As we have consistently seen in other states, the repeal of rebate bans lead to increased competition between brokers and lower prices for consumers of real estate brokerage services.”

The Department of Justice began its investigation after the Board of Realty Regulation voted in August 2007 to prohibit licensees from offering gifts, rebates, or promotional items. In most states, brokers can offer to rebate a portion of their commission to consumers (or offer other non-cash incentives) to obtain clients seeking to buy or sell homes. Montana’s rule prohibited this important form of competition between real estate brokers.

The Montana Board’s action follows the lead of other states – including West Virginia, South Dakota, and Kentucky – that have recently repealed anti-rebate regulations in response to concerns raised by the Department of Justice.

To learn more about the importance of rebates and competition in the real estate industry, please visit the Antitrust Division’s “Real Estate and Competition” Web site at www.usdoj.gov/atr/public/real_estate/index.htm.

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