

## **NAR hit with new 3-way agreement suit as enrollment imbroglio builds**

The antitrust lawsuit filed by broker John Diaz in US District Court in Los Angeles claims the membership agreement creates 'an anti-competitive monopoly over MLS services'.

by [Lillian Dickerson](#), Inman News November 14, 2024

The National Association of Realtors (NAR) has been hit with yet another lawsuit over its three-way membership agreement, which stipulates that Realtors must join their local, state and national Realtor associations in order to gain access to the multiple listing service (MLS).

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This [most recent lawsuit](#) was filed in the state of California, [Housing Wire](#) reported, by UHOO Real Estate Services broker John Diaz, who is representing himself in the matter. Filed in U.S. District Court in Los Angeles, the suit names NAR, the California Association of Realtors (CAR), the Lodi Association of Realtors (LAR) and MetroList MLS as defendants.

The antitrust lawsuit claims that NAR, CAR, LAR and MetroList have created “an exclusionary practice” in requiring agents to purchase memberships to associations in order to gain access to the MLS, which is “essential” for their business. “This structure has created an anti-competitive monopoly over MLS services, limiting the market’s ability to support alternative trade organizations, thereby stifling competition in violation of the Sherman Act” while subjecting agents and brokers to “excessive and unjustified fees,” the complaint states.

Diaz is seeking damages, injunctive relief and a jury trial.

The complaint by Diaz further alleges that the defendants have “harmed independent brokers and small, minority-owned businesses disproportionately, further limiting market competition” in “monopolizing” access to MLS data.

Diaz also claims that the defendants have breached their contract with members by failing to “provide equitable value and service proportional to the fees paid by Plaintiff and similarly situated brokers.”

Diaz, NAR, LAR and MetroList MLS did not immediately respond to Inman’s request for comment. CAR said the association could not comment on the matter.

Since the lawsuit was filed in the state of California, which is [one of four states](#) where MLSs cannot legally require members be Realtors, according to state law, it is unclear just how far the legal action will go. However, it shows that some agents and brokers across the country continue to be dissatisfied by the principles of the three-way membership agreement. The other three states where MLSs cannot require members to be Realtors are Florida, Georgia and Alabama.

In the wake of reaching a proposed settlement in its nationwide commission lawsuits back in March, NAR has faced increased scrutiny by industry players and the U.S. Department of Justice over industry practices, like the Clear Cooperation Policy and the three-way agreement, calling into question whether or not these practices, like the now-abandoned cooperative compensation rule, are anticompetitive.

Three similar lawsuits over the three-way agreement have been filed against NAR in the past few months, including one filed in August in [Michigan](#) and another filed that same month in Illinois. The Illinois lawsuit was subsequently withdrawn, but is expected to be refiled. In October, a broker in [Pennsylvania](#) likewise filed a lawsuit against NAR over the membership agreement.

Meanwhile, the [Alabama Association of Realtors](#) has also challenged the agreement in response to its members' concerns, and urged NAR in September to make memberships optional.

Despite these challenges to the agreement, NAR CEO [Nykia Wright](#) showed her support for the three-way agreement on Monday at the trade association's annual conference, NAR NXT.

"Some of you have heard rumblings of the challenging of the three-way agreement," Wright said during a board of directors meeting at the conference on Monday. "Well, we are here to make sure that those rumblings subside because it is our duty to make sure that people understand what happens at the local level, the state level and the national level, and really make sure that people understand that there isn't a cannibalization of services, but it really is working together ... to make things work."

*Update: This story was updated after publishing with CAR's response to Inman's request for comment.*