



TRAINING TIP OF THE WEEK

BROKERAGE PAYMENT ADDENDUM

A common question asked by REALTORS® over the past several years is “how do I address a low BAC, and receive what I believe to be fair compensation for my services?” REALTORS® have been taught that, if done properly, it is completely acceptable to negotiate the Buyer’s Agent commission as part of the REPC. However, many REALTORS® continued to place language in the REPC that violated Article 16 – more specifically, Standard of Practice 16-16 – of the REALTOR® Code of Ethics. It reads: “REALTORS®, acting as subagents or buyer/tenant representatives or brokers, shall not use the terms of an offer to purchase/lease to attempt to modify the listing broker’s offer of compensation to subagents or buyer/tenant representatives or brokers nor make the submission of an executed offer to purchase/lease contingent on the listing broker’s agreement to modify the offer of compensation.”

The violations occur when language is used to try to alter the **Listing Agreement**, and agreement between the seller and listing agent. To combat this problem, the Utah Association of REALTORS® came out with a new member form to use when this situation arises. It’s called the **REAL ESTATE BROKERAGE PAYMENT ADDENDUM**.

This new form will allow the BUYER to request from the SELLER additional compensation to be paid to the Buyer’s Brokerage as part of the terms of the sale. The Real Estate Brokerage Payment Addendum contains exact language that will keep REALTORS® in line with ethics standards and obligations. Combined with slight modifications to the Listing agreement, this form will also highlight the commission breakdown, making the transaction more transparent to all parties and especially helpful to consumers who don’t understand how real estate commissions are paid.

***Please note that this form does not guarantee compensation, unless accepted by the Seller. The Seller can always reject or counter, just like any other contract terms.

REAL ESTATE BROKERAGE PAYMENT ADDENDUM NO. _____ TO REAL ESTATE PURCHASE CONTRACT

THIS IS AN ADDENDUM COUNTEROFFER to that REAL ESTATE PURCHASE CONTRACT (the "REPC") with an Offer Reference Date of _____, including all prior addenda and counteroffers, between _____, as Buyer, and _____ as Seller, regarding the Property located at _____. The terms of this Addendum are hereby incorporated as part of the REPC, and to the extent the terms of this Addendum modify or conflict with any provisions of the REPC, including all prior addenda and counteroffers, these terms shall control.

1. Seller’s Payment to Buyer’s Real Estate Brokerage. Seller agrees to pay \$_____ or _____% of the Purchase Price to Buyer’s Brokerage. This payment shall be made in addition to any other compensation offered by the Seller’s Brokerage to Buyer’s Brokerage. The provisions of this Addendum shall survive Closing.

This is a Publication of the Cache Valley Association of REALTORS®

TIPS OFFERED BY THE CACHE VALLEY ASSOCIATION OF REALTORS® ARE INTENDED FOR BROKER AND AGENT TRAINING. IN THE EVENT ADDITIONAL LEGAL ADVICE IS NEEDED, WE ENCOURAGE MEMBERS TO CONTACT THE UAR LEGAL HOTLINE AT (801) 676-5211 MONDAY, WEDNESDAY AND FRIDAY BETWEEN THE HOURS OF 8:30 AM AND 4:00 PM.

