



TRAINING TIP OF THE WEEK

Referral Agreement

First and foremost, the **Referral Agreement** form is NOT a mandatory form. It's a form created for your use, due to many requests from members to outline and solidify terms arising from a referral situation. If your office has a form that you use and like, great!

A few key terms to highlight:

1. Why broker to broker? Because only brokers are entitled to receive compensation arising from a real estate transaction.
2. Term (section 2.) is very important to clearly identify, as it specifies the date the agreement ends.
3. Type of Referral (section 3.) clearly identifies the type of referral. Many complaints arose from an agent who referred a BUYER to another agent, and that buyer later became a SELLER. Because this section allows for "and/or" YOU CAN SELECT BOTH OPTIONS. However, when selecting both, carefully consider the term date in section 2. If you intend to get paid on ANY transaction the buyer engages in with the other agent, the term must reflect that.
4. Compensation (section 4.) only allows you to identify ONE option. Either a flat dollar amount OR a percentage of the commission received by the receiving broker.
5. Number of Real Estate Transactions (section 5.) is intended to allow a broader (continued) agreement. If you think handing over a client will result in many transactions, you will want to indicate "all real estate transaction. Please note, this selection references the referral type in section 3.
6. Payment Obligations (section 6.) identifies how YOU get paid. Keep in mind, this selection only requires the receiving broker to pay once they have been paid. They must pay you within 15 days of receiving the commission, so long as you have provided them with a W-9 tax form. This section also gives protection if a property is under contract with the term of the agreement expires.
7. Effective Date (section 11.) of the agreement is the date BOTH the referring broker and receiving broker have signed the agreement.

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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.



Referral Agreement (Broker to Broker)

This Referral Agreement (this "Agreement") between _____ (the "Referring Broker/Agent"), the brokerage giving the referral, and _____ (the "Receiving Broker/Agent"), the brokerage receiving the referral, is for the referral of _____ (the "Prospect").

1. Prospect's Contact Information.

Address: _____

Phone Number: _____

Email Address: _____

2. Term. This Agreement is effective as of the Effective Date referenced in Section 11 and terminates on _____ (date) (the "Term Period").

3. Type of Referral. The referral of the Prospect is for the following real estate transaction(s) during the Term Period: **(Check box[es] below)**

purchasing real property, including land and new construction, for the Prospect; and/or

selling real property owned by the Prospect.

4. Compensation. In the event the Receiving Broker/Agent receives a brokerage fee or payment for services rendered on behalf of the Prospect in Section 3, the Receiving Broker/Agent shall compensate the Referring Broker/Agent the following: **(Check box below)**

\$_____ or

_____ % of the commission received by the Receiving Broker/Agent.

5. Number of Real Estate Transactions. This Agreement shall cover: **(Check box below)**

only one (1) real estate transaction under Section 3 that occurs during the Term Period; or

all real estate transactions under Section 3 that occur during the Term Period.

6. Payment Obligations.

a. Receiving Broker/Agent shall have no obligation to pay Referring Broker/Agent the above-referenced referral fee until Receiving Broker/Agent is paid a commission, fee or bonus on the real estate transaction involving the Prospect.

b. If the Prospect has contracted to purchase or sell a property but has not yet closed as of the expiration of the Term Period, the parties agree that the Term Period shall automatically extend until that transaction closes or is cancelled.

c. Receiving Broker/Agent shall pay the above-referenced referral fee to Referring Broker/Agent within 15 days, of Receiving Broker/Agent's receipt of compensation on the real estate transaction involving the Prospect and receipt of a W-9 Form from the Referring Broker/Agent.

7. Attorney's Fees and Costs. In the event of litigation arising out of this Agreement, the prevailing party shall be entitled to recover costs and attorney fees. Attorneys' fees will not be awarded for participation in mediation and/or arbitration.

8. Entire Agreement. This Agreement contains the entire agreement between the parties relating to the subject matter of this Agreement. This Agreement may not be modified or amended except in writing signed by the parties hereto.

9. **Governing Law.** This Agreement shall be governed, construed, and interpreted by, through and under the Laws of the State of Utah.

10. **Additional Terms.**

11. **Effective Date.** This Agreement is entered into and is effective as of the date the Referring Broker/Agent and the Receiving Broker/Agent have both signed this Agreement.

THE UNDERSIGNED hereby agree to the terms of this Agreement.

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Referring Broker (Signature of Principal Broker)		Receiving Broker (Signature of Principal Broker)	
<hr/>		<hr/>	
Referring Agent (Name)	(Signature)	Receiving Agent (Name)	(Signature)
<hr/>		<hr/>	
Email		Email	
<hr/>		<hr/>	
Company/Brokerage		Company/Brokerage	
<hr/>		<hr/>	
Phone #		Phone #	
<hr/>		<hr/>	
Address		Address	
<hr/>		<hr/>	
Date		Date	

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