**BUYER BROKER CO-BROKER ADDENDUM TO
BUYER BROKER AGREEMENT**

**Parties to This Agreement**

A. Buyer: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

B. Primary Buyer Broker: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Contact information: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Associated with \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (real estate office)

C. Ancillary Buyer Co-Broker and Attorney: James Robert Deal, DOL 27330, NWMLS 90655, Keller Williams Realty Everett, 1000 SE Everett Mall Way #201, Everett WA 98208, Office 425-212-2007, Home Office Direct Line 425-774-6611, Cell and Text Line 425-670-1405, email: James@JamesDeal.com, WSBA 8103. See: [www.WashingtonAttorneyBroker.com/](http://www.WashingtonAttorneyBroker.com/)Helping-Buyers.

**Buyer Broker Co-Brokerage Addendum: Summary**

Ideally, it is best to consult with an attorney when one is buying property. Most buyers do not do that, or they wait until they are in legal deep water. A better way to get attorney review is for the Primary Buyer Broker to co-broker with another broker who is also an experience real estate lawyer. That describes me, James Robert Deal.

Under this Buyer Broker Co-Brokerage Addendum, I will co-broker with the Primary Buyer Broker. I will provide both legal and real estate services. I will assist both the Buyer and the Primary Buyer Broker. I will take no payment until closing. If there is no closing, there will be no fee. This Buyer Co-Brokerage Listing Addendum is wordy, but there are reasons for that. This is both a contract and an explanation as to why and when the Buyer and Primary Buyer Broker should use this Buyer Co-Brokerage Addendum and bring me in as a buyer co-broker.

**Examples – When You Would Utilize This Buyer Broker Co-Brokerage Agreement**

Example: Buyer and buyer broker should use this agreement when the transaction clearly involves legal issues. Attorneys are expensive, and so buyers are reluctant to utilize their services. When buyers engage an attorney, they often do so too late in the process, when the damage is already done. Buyers often select attorneys who do not understand broker customs and rules. To be most effective as a real estate transactional attorney, it is important to understand not only the letter of the real estate law but also the customs and rules of the real estate profession. That means that a real estate attorney can be a better real estate attorney if he or she is also a real estate broker.

Example: Buyer and buyer broker would use this agreement and addendum when the buyer is entering into a lease with an option to purchase.

Example: Buyer and buyer broker would use this agreement and addendum when the buyer is buying commercial property or a business opportunity.

Example: Buyer and buyer broker would use this agreement and addendum when the buyer is buying property which does not qualify for financing due to bad condition and where seller financing is involved.

Example: Buyer and buyer broker would use this agreement and addendum when the buyer is buying on a wrap-around, an assumption, a lease option, or a short sale.

Example: Buyer and buyer broker would use this agreement and addendum when the buyer is serving as a trustee for an actual buyer and wants to do due diligence and avoid any potential for liability.

Example: Buyer and buyer broker would use this agreement and addendum when the buyer wants the feeling of security that comes from having legal review from beginning to end, with no fee until closing.

**Advantages to Brokers**

Brokers earn their commissions by marketing property, not by writing legal documents. Broker’s have errors and omissions insurance, but it may not cover them when they act outside the normal scope of brokerage, when they answer complex legal questions, or draft documents other than MLS approved, fill in the blank forms. Having an attorney on board from the beginning can help a broker secure a listing. Sellers will take a broker more seriously if the buyer broker is part of a team that includes an experienced real estate attorney-broker. This is especially true for brokers who are new in the business. And having an attorney on board can help a broker to sleep easier at night.

**Should You Involve a Lawyer? And When? And Which Lawyer?**

Most residential deals close without a lawyer even looking at them. The MLS forms have improved greatly since the days of the one page contract. Usually there are no problems. But always there are questions. And sometimes there are questions and problems. Having a lawyer involved from the beginning can avoid problems, reduce tension, inspire confidence, and smooth out the process.

Most buyers do not get an attorney lined up in advance of sale. When something goes wrong, they seek out a lawyer in haste. It might be too late to undo the damage. The lawyer will charge a large fee just to get familiar and stay familiar with the transaction. The Seller might pick a lawyer who does not have sufficient experience in transactional real estate law. Law schools do not teach transactional real estate law, MLS forms, MLS rules, or broker customs. In my three real property courses in law school, we discussed obscure rules which never come up, such as the Rule in Shelly’s Case or the Rule Against Perpetuities.

I charge a flat fee payable at closing. That is better than an hourly legal fee arrangement. Hourly billing discourages buyers from communicating freely with the lawyer. Hourly billing means that the lawyer is often not fully informed and may not have all the information needed to give good advice. The end result may be poor quality legal service and a failed transaction.

When I charge a flat fee payable at closing, I usually make more money. That’s good for both attorney and client. If I make more money, I can afford to spend more time looking at all details of the transaction – from the very beginning to the very end – ahead of time instead of in reaction to a problem which has arisen.

Getting a lawyer lined up in advance is like having insurance – just in case the worst happens.

With multiple offers and with quick decisions being made, even ordinary sales are getting more complex. Brokers generally appreciate it when their clients engage an attorney, especially one who understands MLS rules and broker customs.

According to the Washington Supreme Court the sale of real estate is the practice of law. Google for Cultum v. Heritage House Realtors, Inc., 103 Wn.2d 623, 1985. The sale of real estate by real estate brokers is “the authorized practice of law by non-attorneys”. Brokers may act as real estate attorneys, provided that they use standard, attorney-approved, fill-in-the-blank forms. For a person who is both a broker and an attorney, it is completely appropriate for him to accept his payment at closing as a real estate commission instead of taking payment by the hour as a legal fee.

Although I will be providing both real estate and legal services, I will be compensated as a real estate broker and receive my fee as a commission at closing. If there is no closing, there is no fee.

**And Why James Robert Deal, Attorney-Broker?**

I have been doing all things real estate since 1980. And I am a broker, so I also know the MLS rules and broker customs. I have written, reviewed, or closed hundreds of real estate transactions. I ran an escrow department in my law office for twenty years until I got tired of handling millions of dollars of other people’s money. Title company escrow departments can generally do a better job of closing escrow. Then I ran a mortgage company for five years. I am a licensed but inactive mortgage broker. I do only commercial loans. I have handled tax-deferred exchanges, foreclosures, and bankruptcies. My wife is a broker and assists me. I am an experienced landlord.

In modern real estate, brokers work in teams. As an ancillary co-broker I will be working as part of a buying team which includes the Primary Buyer Broker.

From the Buyer’s point of view this co-brokerage arrangement eliminates the hot flashes that come when receiving an attorney invoice. Buyers generally prefer to pay at the end of the process for a job well done than to pay by the hour for work which may not result in a job well done.

From my point of view, this arrangement is advantageous because it eliminates the inefficiency of having to bill by the hour. Under this arrangement, the Seller and the Primary Broker will feel free to use more of my time, as much time as needed, whereas when I bill by the hour, buyers and brokers are hesitant to call me when they should. I will stay better informed regarding the transaction. When I am paid a flat fee at closing, I generally collect a larger fee than when I work by the hour. This means I can afford to put more time into advising the buyer and the primary buyer broker. I can deliver a better service than if I work on an hourly basis. And frankly, I enjoy the process more.

**Services to be Provided**

As ancillary co-broker, I agree to perform the following work:

I agree to assist the Buyer and the Primary Buyer Broker in obtaining the best price possible. I agree to provide comprehensive legal review of all documents involved in this transaction, to advise the buyer and the Primary Buyer Broker regarding legal issues, and to respond and communicate with the seller’s lawyer if the seller has one. I will review and advise the Buyer regarding the purchase agreement, the title report, the Form 17 property condition disclosure, all offers and counter offers, all inspection documents, and all closing documents. I will follow the transaction all the way through from initial signing to closing. I will assist with multiple offer situations. My commitment extends to all legal issues directly related to this listing and sale. I am available on weekends.

However, I am not agreeing herein to appear in any suits, arbitrations, or mediations. If conflicts arise, I will try to help resolve them without litigation. If litigation does arise, I will help the Buyer select a litigation attorney and help the litigation attorney to gather needed information.

I will work for the Buyer with the assumption that the Buyer wants to buy. If the Buyer decides to back out of a purchase agreement after signing it, the Buyer will have to retain another attorney to help the Buyer do that.

Keller Williams Everett carries errors and omissions insurance which covers me as a real estate broker. I carry errors and omissions on my own which covers my work as an attorney.

**The Co-Broker Agreement**

The Seller agrees to pay to the Primary Listing Broker the percentage listed in the standard listing agreement, Form 1A.

The typical selling commission for the Primary Buyer Broker is 3.0%, although commissions are negotiable up or down. My commission as an ancillary buyer co-broker is payable at closing. The Buyer agrees to pay to Keller Williams Everett and to James Robert Deal at closing, a co-brokerage commission of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ percent of the sale price or a flat fee of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. This is in addition to the regular buyer broker commission. (Optional): The Primary Buyer Broker agrees to reduce his or her commission by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ percentage or by $\_\_\_\_\_\_\_\_\_\_\_\_\_ to cover part or all of the buyer co-broker commission. My commission can be negotiated up or down before this Buyer Co-Broker Agreement is signed. The level depends on the complexity of the transaction and which party or parties pay my commission or split my commission.

**Mutual Cooperation – Non-Competition**

The Seller, the Primary Listing Broker, and I are all signing this agreement to confirm that we all agree to work together in a professional manner as spelled out in this Co-Brokerage Listing Addendum.

Deal will respect the primary relationship between the Primary Listing Broker and the Seller and will not steal the Primary Listing Broker’s clients.

Seller: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

James Robert Deal, Ancillary Co-Broker: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Primary Listing Broker: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_