



The Commercial Classroom: Getting paid - co-broking listings

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Listings are controlled by the listing broker who may choose to share the listing with other brokers or not. Some firms belong to MLS systems which may require all listings to be shared with the other MLS members. Consumers generally expect their exclusive broker to market their property direct to customers and also to circulate the availability to the brokerage community.

Typically the listing broker will create a co-brokerage agreement; this will specify any showing "rules" for the property and indicate the commission splits involved. In commercial, the commission split between the brokers is usually equal, but this, as is the commission rate, is negotiable. It would seem logical to get the co-brokerage agreement signed prior to offering the property, but, some brokers wait until after an offer is made.

Co-broke agreements can take many forms but typically they included a declaration of the property involved, a requirement that all offers be submitted in writing, the listing broker to present all offers and the fee distribution split between the brokers. When the agreement is presented after the offer is made the document will be specific as to the amount of commission dollars and the payment schedule.

Some firms do not use co-broke agreements. To me this is dangerous as misunderstandings or commission disputes between the brokers could arise later. If the listing firm does not have a co-brokerage form a simple letter of understanding can outline the agreed terms. It is important to both firms that whatever co-broke terms are agreed be in writing.

What if the listing broker has an "open" listing? I don't mind working with someone who has an open listing, provided that their listing agreement is in writing. In such cases the co-broke agreement should indicate that status.

If the listing broker does not have a listing agreement (exclusive or open) in writing, co-broke agreement or not, getting paid could be in jeopardy. The key to getting paid is always to establish a paper trail direct to the owner, especially when co-broking!

Edward Smith, Jr., CREI, ITI, CIC, GREEN, RECS, is the eastern regional director of Coldwell Banker Commercial NRT, Syosset, N.Y.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540