

Legal Questions & Answers

October 2018

Question: If a buyer is not satisfied with the services being provided by his or her current broker and wishes to engage a new broker, can the buyer terminate his or her existing Exclusive Buyer Service Agreement?

Answer: A buyer is entitled to terminate an Exclusive Buyer Service Agreement at any time. However, the broker who had represented the buyer under this agreement may still be entitled to a commission in the buyer's purchase of property, regardless of termination of the Agreement. In order for the potential new broker to determine whether to represent the buyer, it would be prudent to determine the extent to which the former broker would be entitled to a commission for any purchase. In addition, the broker cannot encourage the buyer to terminate the Agreement, as this could constitute a violation of both licensing law and the REALTOR code of Ethics.

Question: Is a buyer allowed to terminate a transaction during the inspection contingency period if he or she discovered that his or her children would be required to attend a new school after the transaction closes, because he or she was not granted an inter-district transfer?

Answer: Unless the buyer conditioned his or her purchase on receipt of a transfer, the buyer may lose his or her earnest money by terminating on this basis during the inspection contingency.