

## Legal Questions & Answers

May 2015

Question: If a licensee leaves our brokerage for a competing brokerage, and we do not allow them to move any pending transactions or active listings to the new brokerage, is the licensee also obligated to cease any further communication with the clients associated with those pending transactions and active listings?

Answer: If the listings remain with your brokerage, it may be inappropriate for the former broker to continue to communicate with the Sellers regarding the listings or transactions, as such communications could violate licensing law and the Realtor Code of Ethics. In such event, the broker could be reported to the Real Estate Agency and your local Realtor Board, and could be liable for interference with a contractual relationship.

Question: My Buyer is purchasing a home from a Seller who has never lived in the home and bought it at a judicial foreclosure sale. Other than the acknowledgement that the Seller has the legal authority to sell the home, every other box is marked "unknown." This seems odd, since there should be some basic information I would assume the Seller knows about the home, but the Seller does not want to accept responsibility. I am uncomfortable having the Buyer sign a Property Disclosure Statement with no information. If the Seller will not amend the Disclosure, what are our options?

Answer: It is conceivable that the Seller has no information regarding the property, as he or she may not have inspected it or even set foot in it. In such event, the Buyer should be advised to consider the risks associated with such a property and conduct appropriate due diligence if the Buyer intends to proceed ahead in the transaction.

Question: Can a broker prepare a sale agreement in a Seller-financed transaction? The seller is an estate and appears to fall under the exclusion of not exceeding one sale per 12 month period. Accordingly, an MLO should not be needed.

Answer: It is not improper for a broker to provide representation in a Seller-financed transaction, so long as the broker does not provide any input or advice regarding the terms of the financing, and simply acts as a scribe of the proposed financing terms in the sale agreement.