

**TEN THINGS ABOUT REAL ESTATE COMMISSIONS  
EVERY REALTOR® SHOULD KNOW**

1. Under Michigan law, only a broker (not an associate broker or a salesperson) has an enforceable claim to a commission. A commission contract between a REALTOR® and a seller or a buyer must be in writing; a contract between REALTORS® to split a commission can be oral.
2. The most common agreement by which REALTORS® agree to share a commission is through participation in the same MLS.
3. Some, but not all data sharing arrangements between different MLS's provide for commission sharing among the members of different MLS's.
4. "Procurer cause" concept for REALTORS® applies only to offers of compensation from one REALTOR® to another through an MLS or data sharing arrangement.
5. Under "procurer cause" rules, a cooperating broker is never entitled to a commission if his or her transaction did not actually close, regardless of the reason. (Refer to the discussion of "successful transactions" in Appendix II to Part Ten of the Code of Ethics and Arbitration Manual as amended to conform with Michigan law.) On the other hand, under certain circumstances, a cooperating broker may be entitled to a commission if the deal closed but for some reason the listing broker did not receive any commission.
6. When you have two successive listing brokers on a property, typically neither listing broker has a claim against the other for a commission. Under the law, each listing broker's right to a commission depends on the terms of his own listing contract with the seller.
7. Protection period clauses in listing agreements pursuant to which, under certain circumstances, the listing broker is entitled to a commission even if a purchase agreement is signed after the expiration of the listing contract, vary significantly – both as to the potential purchasers that are covered and as to the exceptions.
8. Listing agreements, like all contracts, can be terminated. The question is whether the party who terminated the contract breached the contract and is liable for damages as a result of that breach.
9. In a residential transaction, REALTORS® cannot file a lien to protect their right to a commission. (And cannot file a lis pendens either until after a lawsuit has actually been filed.)

10. If a REALTOR® agrees to an early termination of a listing agreement and signs an unconditional release, in most circumstances, he or she gives up any right to a commission, regardless of who subsequently purchases the property. In order to preserve a claim to a commission under these circumstances, a REALTOR® must use a conditional release.