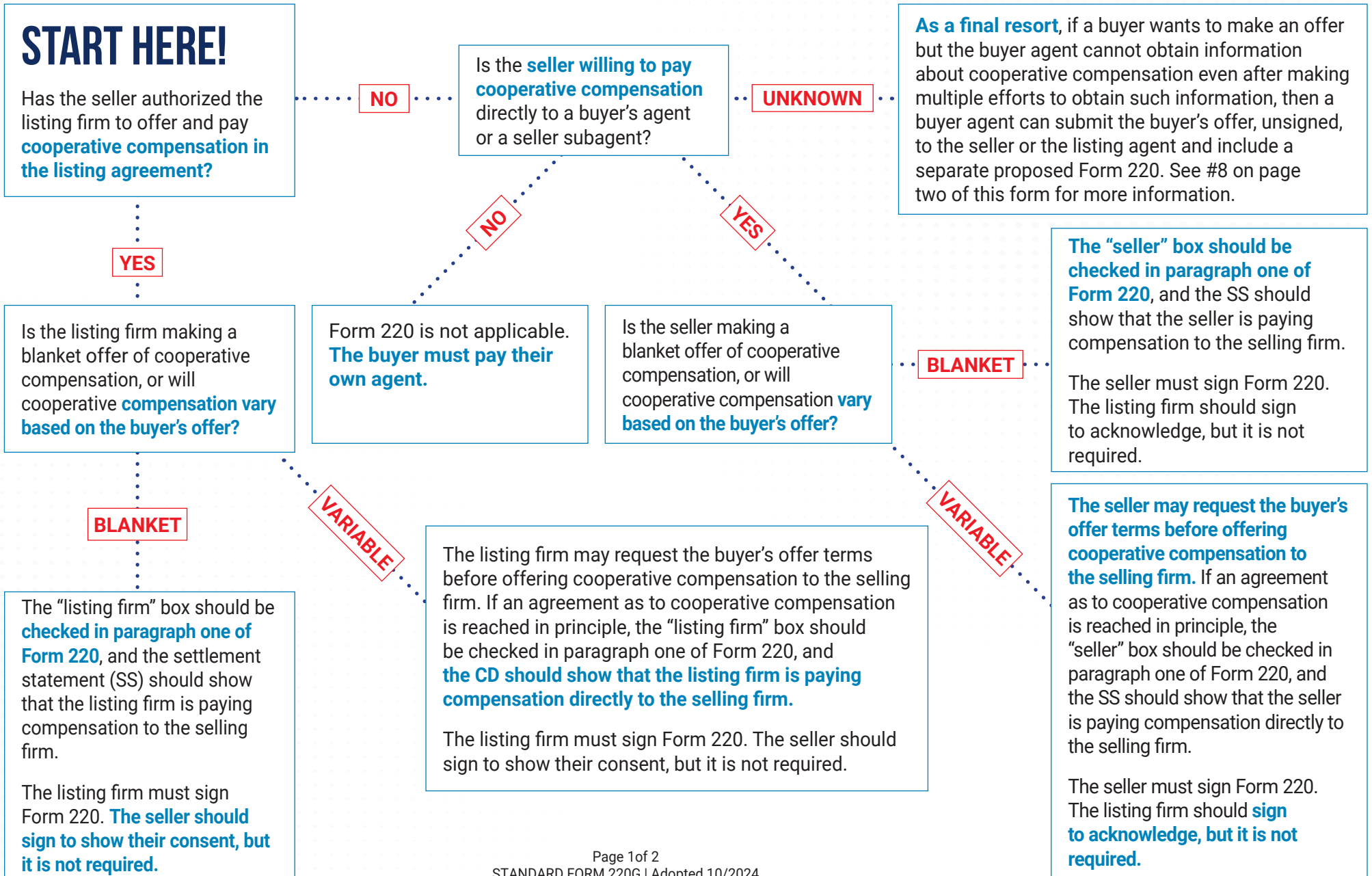


COOPERATIVE COMPENSATION AGREEMENT

(FORM 220) FLOWCHART & INFORMATION GUIDE



IMPORTANT INFORMATION



1. **DO NOT** attach Form 220 to a purchase contract or upload it to the MLS. Agent compensation cannot be part of a purchase contract or mentioned in the MLS.
2. Form 220 may be filled out and sent by either the listing firm or selling firm.
3. Any agreement that is reached as to cooperative compensation may be amended during the transaction if the contracting parties consent.
4. As the flow chart indicates, paragraph three of Form 220 states that only two parties must sign: the selling firm and either the seller or listing firm as checked in paragraph one. However, as a best practice, all parties should all sign Form 220. Having all parties sign ensures that everyone has agreed to the compensation.
5. Form 220 is designed to be a contract. It is not designed to facilitate an advertisement for cooperative compensation. That said, a listing firm may publish Form 220 on their website so buyer agents know what is being offered but only after consulting with an attorney. There are several risks to be aware of when having a discussion with legal counsel:
 - a. A buyer may have multiple buyer agents who have non-exclusive agency agreements. Paragraph two of Form 220 states that the cooperative compensation is deemed earned when the buyer and seller sign a purchase contract. A buyer with multiple non-exclusive buyer agents who signs a purchase contract may have more than one agent try to claim a fee. The easiest way to avoid this risk is to publish Form 220 without a signature from the seller or listing firm. However, legal counsel may have other methods to minimize this risk even if Form 220 is signed.
 - b. Once an offer is made, Article 3 of the Code of Ethics prohibits a listing agent from unilaterally changing compensation. See Standard of Practice 3-2. Any offer of cooperative compensation should be clear in its terms and specify when and how such an offer can be accepted or negotiated.
6. Form 220 is not necessary if a firm is practicing dual agency and the seller has authorized cooperative compensation in the listing agreement. This is because the agency agreements with the firm will control for both buyer and seller.
7. If the seller has not authorized cooperative compensation in the listing agreement, then Form 220 may be used if the seller later wishes to pay cooperative compensation directly to the selling firm.
8. If the seller or listing firm is not offering cooperative compensation, or if an offer of cooperative compensation is not sufficient to cover the buyer's obligations under their agency agreement, a buyer agent may:
 - a. Submit an offer anyway and make clear to the buyer that they must pay their agent's fee from their own funds;
 - b. At the buyer's written direction, not submit the offer to the seller and look at other properties; or
 - c. Allow the buyer to terminate agency so they can make the offer themselves.
9. If a purchase contract and Form 220 are being delivered at the same time as separate documents, the buyer may direct their agent in writing to explain in an email or other writing that the buyer's offer is contingent on the seller's or listing agent's separate agreement as to cooperative compensation. Agents are strongly recommended to consult with their BIC and legal counsel to make sure any such conditional language will be effective and achieve the intended result.

THE NORTH CAROLINA ASSOCIATION OF REALTORS®, INC., MAKES NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF THIS FORM.