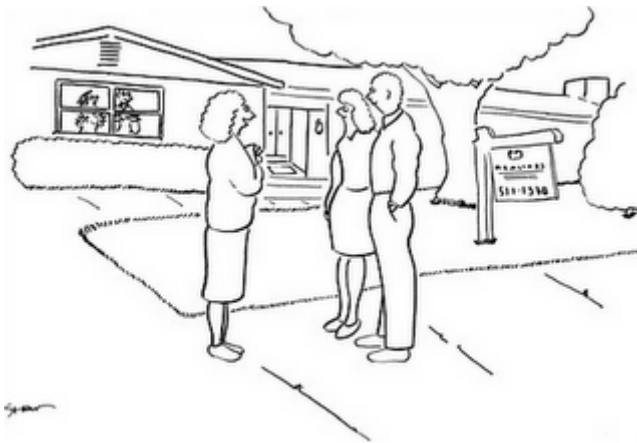


You've heard the story, and it goes like this-- "I had to back out of a real estate contract to sell my property, and now the broker is demanding that he get paid, what do I do?"

If you can't run to a phone and call us, here's the essential rule--a Maryland real estate broker is entitled to a commission upon his (or her) good faith procurement of a purchaser who becomes bound by a valid contract of sale. So, if the broker brings you a buyer, and the buyer signs, and the contract is now "live" and enforceable...you are on the hook to pay the broker, even if you never settle on that contract!

And as a general rule, especially in a very tight market, this is fair. After all, most of the brokers I have met work pretty hard, and sacrifice quite a bit to make their deals work.



*"They're willing to throw in their kidneys."*

And it is not the broker's "fault" if you or the buyer cancel the deal, or one party defaults and refuses to close the deal. In fact, this fact pattern describes at least six cases we've had in the last year.

You can avoid this result, of course, with the help of a lawyer. You see, the statute is merely a legislative rule of construction. It exists to supply a term of a contract that you and the other party simply forgot to include in the document, "when does the broker earn a fee?"

Our practice is to advise including contract terms that modify the default setting of the statute. You may agree that the broker's commission should only be paid from "proceeds of sale." That means you must settle on the deal before the broker is entitled to a fee. This also provides you with one more person motivated to help the deal along to completion!

Don't get caught by surprise! Read everything, and then have it all reviewed by a lawyer--before you sign!