

PROTOCOL AS PROMULGATED BY THE MONTGOMERY COUNTY REALTOR®/ATTORNEY LIAISON COMMITTEE

In 1991, in an effort to further the joint interests and concerns of Realtors® and attorneys in Montgomery County, various Montgomery County associations of Realtors® and the Montgomery Bar Association established a committee to explore and discuss matters of mutual interest. Now comprised of ten Realtors, ten attorneys and other real estate professionals, the Montgomery County Realtor®/Attorney Liaison Committee believes it is beneficial for Realtors® and attorneys to identify their respective functions, duties and expertise in residential real estate transactions in order that these transactions may be handled more smoothly, with less conflict, and with greater mutual respect.

The Montgomery Bar Association, as well as the Montgomery County, Suburban West and Tri-State Associations of Realtors®, have wholeheartedly endorsed and approved the following Protocol. The Committee believes that this Protocol will serve as a guide for relationships between legal and real estate professionals, thereby improving their work with mutual clients. Please consider it and use it as a guide in your day-to-day professional activities.

GUIDE FOR REALTORS®

BEFORE AGREEMENT

- Complete and explain all Consumer Notice documents.
- Assist Buyer with mortgage prequalification (if applicable).
- Encourage clients to utilize attorneys and do not engage in the unauthorized practice of law.
- Avoid criticism of attorneys; promote the view of attorneys as allies in the general community and among other Realtors®.
- Explain Listing Agreement and/or Business Relationship Agreement.
- Advise clients of opportunity to have any and all documents reviewed by an attorney.
- Determine Seller's and/or Buyer's needs.
- Arrange for showing premises.
- Identify and clarify client issues and terms to be addressed in an Agreement of Sale.
- Review Seller Disclosure Form.
- Provide and review Estimate of Settlement Charges.

AGREEMENT

- Draft Agreement of Sale; consult with counsel (if any) re special clauses required.
- Advise Buyer and Seller of the right to have Agreement reviewed by an attorney before signing.
- Obtain deposits and hold per applicable regulations.

PRIOR TO CLOSING

- Assist Buyer in making timely mortgage application.
- Assist Buyer and Seller to timely satisfy contingencies: e.g., deposit, wood infestation, home inspection, radon, lead based paint, use and occupancy, repairs, personal property.
- Coordinate title report and title insurance requirements with attorneys for Buyer and Seller.
- Assist Seller in obtaining tax receipts, tax certifications, water and sewer receipts, and payoffs of Seller's liens.
- Schedule time and place of settlement, notify all parties, attorneys and mortgage entities.
- Make certain Deed is prepared.
- Assist Buyer in obtaining homeowners and other required insurance and advise Buyer of Buyer's right to insure Buyer's equitable interest.
- Obtain, when possible, preliminary HUD-1/Settlement Statement and review prior to settlement with Buyer, Seller and/or attorneys.
- Attend pre-settlement inspection and assist in resolving last-minute problems.
- In connection with leases, show property, negotiate lease terms on behalf of client, and advise Landlord and Tenant of their opportunity to have the lease reviewed by an attorney.
- Attend settlement.

GUIDE FOR ATTORNEYS

GENERALLY

- Encourage clients and others to seek and use Realtors® for the sale of properties and for finding properties; encourage estate fiduciaries to list with Realtors®.
- Rely upon Buyer and Seller to negotiate price.
- Review with Buyer how title will be taken.
- Avoid criticism of Realtors®, promote the view of Realtors® as allies in the general community and among other attorneys.
- Review all documents in a timely fashion.
- Review Listing Agreement and Business Relationship Agreement, and make changes where necessary.
- Confirm identity of all parties and make documents consistent.

AGREEMENT

- Prepare or review Agreement of Sale and other documents, and explain all terms and ramifications to client.
- Advise client to investigate existing leases, zoning and environmental issues.
- Draft appropriate provisions for Agreement of Sale considering applicable laws and regulations pertaining to the transaction.
- Be available to assist in resolving problems that develop; coordinate activities with Realtors®.
- Advise client of time deadlines.

PRIOR TO CLOSING

- Coordinate title report and title insurance requirements with Realtors®; review title report with client.
- Prepare/review Seller financing documents.
- Review terms of loan commitment and assist Buyer in fulfilling obligations.
- Review estimates of settlement costs with clients.
- When appropriate, prepare Lease, Assignment of Lease, Escrow Agreements, and Estoppel Letters.

AT CLOSING

- Attend settlement with client; review with client and explain settlement documents, including the Mortgage, Note, marked-up Title Report, Deed and Settlement Statement.
- Do not criticize reasonable Realtor® transaction fee for services actually rendered for Buyer by Realtor® when it has been disclosed to and agreed upon by Buyer.
- Check that Deed is properly prepared.
- Prepare for delivery and recording of appropriate documents.

AFTER CLOSING

- Confirm that Deed, Title Policy and copy of recorded documents are received from title company; review Title Policy to be sure it is consistent with marked-up Title Report.
- Complete escrow requirements, if applicable.
- Distribute all previously undistributed documents to client.

DISPUTE RESOLUTION

- Check Agreement of Sale and other relevant documents for alternative dispute resolution provisions.
- Advise clients of available ADR/ DRS entities: e.g., Davenport Dispute Resolution Center, MCAR.
- Make certain all affected parties are notified of any problem.