



Required Forms Checklist



Having trouble determining what forms you need to use for an Alabama property purchase or sale? This guide was created to help you understand what documents are required by Alabama license law. Remember, other forms could be necessary, based on the nature of the transaction or your company's rules. Alabama law requires you to maintain all records related to a transaction for at least 3 years.

Note: This is intended for information only and is not intended as legal advice. If you need legal advice, please contact a qualified attorney.

ALWAYS REQUIRED

1. RECAD Brokerage Services Disclosure Form and Agency Disclosure Office Policy

- Required at the beginning of your relationship with a consumer.
 - Note: When working with a "corporation, professional association, limited liability company, partnership, any partnership created under the Uniform Partnership Act, commencing at Section 10-8A-101, real estate investment trust, business trust, charitable trust, family trust, or any governmental entity," these documents are not required, but you may still choose to provide them. Ala. Code § 34-27-82(d).
 - A professional association is a group organized for the benefit of a certain professional group. For example, the Alabama Association of REALTORS® is a professional association.
- Not required for a prospective buyer to simply attend an open house, but required if you provide any further services.

2. Brokerage Agreement

- **Sellers:** Agency Listing Agreement or Transaction Facilitator Listing Agreement required before you may list the property for sale. Ala. Code § 34-27-82(e).
- **Buyers:** Buyer Agency Agreement or Transaction Facilitator Agreement required before you may prepare or submit an offer on the buyer's behalf (may be entered earlier). Ala. Code § 34-27-82(e).
- Note 1: Unless/until you enter an agency agreement with a consumer, you are assumed to be their transaction facilitator. Ala. Code § 34-27-82(b).
- Note 2: You do not have an exclusive relationship with the consumer unless you enter a brokerage agreement that states that you have an exclusive relationship.

3. Purchase Agreement

- You must memorialize all aspects of the transaction in writing.
- Depending on the language of the purchase agreement and nature of the sale, addenda or other supplemental documents may be required.
- Listing Agent Note: It is illegal to require an offer to be written on a specific form before you present it to the seller. You are legally required to present any offer you receive to the seller, regardless of its format. Ala. Code § 34-27-84(c).

4. Estimated Closing Statement ("Net Sheet")

- Required for every offer or counter-offer made or received by a buyer or seller. Ala. Admin. Rule 790-X-3-.04.
- It is suggested, but not required, to give the seller an estimated closing statement upon listing the property and with any change in list price.



Required Forms Checklist



The following is a list of forms that are sometimes required by law, depending on the circumstances. Please note that this list only includes forms required by Alabama license law, not forms which may be required based on the nature of the transaction or additional forms which may be required by your company. Remember, Alabama law requires you to maintain all records related to a transaction for at least 3 years.

SOMETIMES REQUIRED



1. Referral Agreement

- If you refer business to another licensee, Alabama law requires that you memorialize it with a written referral agreement.



2. Dual Agency Agreement

- If the same individual licensee represents both sides of the transaction as an agent, a Dual Agency Agreement is required before you may prepare or submit an offer on behalf of the buyer.



3. Single Agent Designation

- If two (or more) licensees under the same qualifying broker represent both sides of the transaction as agents, their qualifying broker must designate each of them as a single agent for their client.
- The designation can be in any written format (email, written agreement, etc.). AAR offers a Single Agent Designation Form, RF 1.9.
- If a buyer expresses interest in purchasing a property that is listed by another licensee under the same qualifying broker as the buyer's agent, the buyer's agent should notify their qualifying broker. The qualifying broker should designate each agent as soon as possible.
- Whether designated single agency applies between branches of a company depends on the structure of the company. If there is a common qualifying broker over multiple branches, then designated single agency applies both between branches and within each branch. If each branch has a separate qualifying broker and there is no qualifying broker over multiple branches, then designated single agency will only apply within each branch.



4. Personal Interest Disclosure

- If a licensee or their immediate family has a personal interest in a transaction, you must disclose that fact to all interested parties as soon as possible. Ala. Code § 34-27-84(a)(6); REALTOR® Code of Ethics Article 4.
- Note: The term "immediate family" typically refers to one's spouse, child, grandchild, sibling, parent, or grandparent. However, AAR recommends completing a Personal Interest Disclosure anytime you have a familial relationship of any kind with the consumer (as well as any time you have any personal interest in the transaction).



5. Release and Cancellation

- If the transaction is unsuccessful for any reason, the contract must be terminated before the property can be re-listed.
- If earnest money was given in connection with the transaction, and if a licensee holds the earnest money, then a mutual release is required before the earnest money may be disbursed to any party. In AAR's Purchase Agreement, information about earnest money can be found in Paragraph 5, part (b).
- NOTE: Most MLSes allow a property to be re-listed even if earnest money is still in dispute, as long as the contract has been terminated. Please consult with your MLS about their rules for re-listing a property.

Please consult with your qualifying broker about additional documentation that may be required by your company and/or for the transaction.