



Breaking Brokerage Agreements: Firing a Difficult Client

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One issue that seems to be popular in recent weeks on NVR's Legal Information Line revolves around breaking a brokerage agreement. Here's a version of the issue: "***For one reason or another, can I terminate my brokerage agreement with my client before the contract's end date? If so, how do I legally do that?***"

In an ideal situation, the parties would mutually agree to early termination of the agency relationship. Some of the local REALTOR® associations provide early termination of brokerage forms to help facilitate that.

But we do not live in a perfect world, and the agent who is asking this question is likely dealing with a difficult client and the chance of getting the client to cooperate and mutually terminate an agency relationship that is not working out is next to nil. There are all sorts of legitimate reasons to terminate an agent-client relationship such as, a client who is: verbally threatening the agent or their family; exhibiting bad behavior by using profane and/or harassing language; being non-responsive; and/or lying or concealing material facts relating to the property.

Breaking up is a hard thing to do, so here's some tips on firing a difficult client:

- 1) **Read your contracts!** We've said this time and time again to our members. What to look for in your contracts: opt-out clauses and breaches in the client's contractual obligations.
- 2) **Build a breach of contract of case.** Compile written documentation that evidences: 1) the client has not performed their contractually required duties, 2) outline the reasons for the termination of the relationship and the actions and communications you've had with your client, and 3) documentation that the issue was discussed with your broker.
- 3) **Communicate with the client.** Set a meeting with your client to advise them that the relationship is now ending. If meeting in person is not the best course, consider sending a written letter instead with evidence supporting the early termination of the brokerage agreement and include the date the agency relationship will terminate.
 - a) If on the listing side, include, if available, the appropriate cancellation of listing forms. The letter should also provide the contact information for the local REALTOR® association for a possible referral to another real estate brokerage.
 - b) If on the buying side, include an addendum cancelling the buyer's brokerage agreement along with the local REALTOR® association for a possible referral to another real estate brokerage. Be very careful to not place your client in a situation where the transaction may not close because you allegedly bailed at the last minute. Effectively notice all parties and send a copy of the letter to the escrow company and the other agent in the transaction.

As always, if you are concerned about cancelling your brokerage agreement or your broker instructs you to hire legal counsel, ***you should seek independent legal counsel*** to



shoulder the legal exposure that comes with breaking a contract. If you do not have an attorney, the Nevada State Bar offers a free lawyer referral service, and information regarding that service can be viewed here: <https://www.nvbar.org/lawyerreferral/lrs/>.

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