

Affiliated Business Arrangement Forms – From The Other Side....

Often we have cooperating brokerages send us their Affiliated Business Arrangement form and ask us to have our client(s) sign it.

Our client(s) do not have to sign this form.

I spoke with VAR counsel; they clarified this for me, and are going to create a document on the VAR website that explains this.

In the interim, you may refer inquiring agents to the Virginia Code (below) which clearly states “any person making a referral.”

The cooperating broker is not making a referral to our client(s), so no disclosure by them is required to our client(s).

§ 55-525.13. Disclosure of affiliated business by settlement service providers.

Any person making a referral to an affiliated settlement service provider shall disclose the affiliation in accordance with the federal Real Estate Settlement Procedures Act (12 U.S.C. § 2601 et seq.). Such disclosure shall be provided regardless of the amount of the person's actual ownership interest in the affiliated provider. However, if the person's ownership interest is one percent or less of the capital stock of a corporation or entity with a class of securities registered under the Securities Exchange Act of 1934 (15 U.S.C. § 78a et seq.), the disclosure shall not be required. If the person's ownership interest is greater than one percent, then the disclosure shall include the percentage of ownership, or, if the person making the referral owns more than 50 percent of the affiliated business, the disclosure must state that the settlement service provider is a subsidiary of the person making the referral.

