



COLORADO

**Department of
Regulatory Agencies**

Division of Real Estate

July 12, 2024

Tyrone Adams
Colorado Association of Realtors
309 Inverness Way South
Englewood, CO 80112

Dear Mr. Adams:

I writing to express some concerns that I have regarding inquiries and complaints that the Division of Real Estate is now receiving regarding touring agreements or compensation agreements being signed when a consumer wishes to view a property. Within the past week, we received several complaints that real estate brokers misrepresented documents to consumers as insurance related documents. The consumers were told that the documents were required to be signed to view properties. Several consumers signed the documents, thinking they addressed possible liability issues arising from damage that may occur during property showings. They later discovered that they had unwittingly signed listing agreements and are ensnared in contracts with brokers with whom they do not want to represent their interests. There appears to be growing confusion surrounding the requirements of the proposed NAR settlement and its applicability to real estate brokers in Colorado.

A real estate broker's license is not required to show property in this state. In their representation of consumers, licensed brokers are required to comply with the duties enumerated in the statutes regarding single agency and transaction brokerage. Neither single agency nor transaction brokerage require a signed agreement with a broker to view property. C.R.S. §12-10-301 states that a real estate agent or broker is entitled to a commission for finding a purchaser who is ready, willing and able to complete the purchase of real estate as proposed by the owner until the same is consummated or is defeated by the refusal or neglect of the owner to consummate the same as agreed. Requiring a consumer to sign a compensation agreement to view a property doesn't meet the criteria in the statute for when a broker is entitled to a commission, nor does it align with the performance of their licensed uniform duties. As illuminated by the example in the first paragraph, the Division has significant concerns about these agreements as they do not appear to align with our mission of consumer protection. Consumers should have the opportunity to evaluate the qualifications of a real estate professional before signing a binding agreement with a broker. I have instructed Division staff to tell inquiring consumers that Colorado law does not require a prospective buyer to sign an agreement with a real estate broker to view a property, and that the consumer is under no obligation to sign such an agreement if presented with one.

I'm bringing this to your attention because this is a potential MLS rule that if abused, may be subject the broker to license discipline. If you would like to discuss this further, please let me know.

Thank you,

Marcia Waters
Division Director

