

All About HB 230

Get Prepared for License Law Changes



Alabama real estate license law is changing on April 18, 2025. This document is to help you prepare for the changes and can be used in your brokerage, with consumers, or both. It is important to note that the requirements listed below will apply to all Alabama real estate licensees, not just REALTORS® or REALTOR® MLS Participants.

Reaffirming RECAD

Licensees must continue to present the RECAD Brokerage Services Disclosure Form to the consumer and request the consumer's signature, although the consumer is not required to sign it. The new law requires that brokerages update their Agency Disclosure Office Policy (required under Alabama License Law § 34-27-83) to include general information about how the brokerage is compensated. Licensees will be required to provide a copy of the Agency Disclosure Office Policy to consumers at the same time as the RECAD Brokerage Services Disclosure Form.

The new law requires that these documents be provided to prospective buyers before a property tour may take place. This requirement applies equally to sellers' brokers/agents and buyers' brokers/agents but excludes open houses.

Timing of Written Buyer Agreements

The new law states that in Alabama, consumers cannot be required to sign a buyer brokerage agreement simply to view a property. Instead, the law requires a written buyer agreement – whether agency or transaction brokerage – before assisting a buyer with preparing or submitting an offer to purchase. A buyer may still elect to sign a buyer agreement prior to a property tour.

By law, the written agreement must include the brokerage's specific compensation. NAR rules regarding compensation disclosure, including the requirement that your compensation be listed as a specific amount or rate and the prohibition on amending your compensation to collect additional funds from the seller, continue to apply.

Written Listing Agreements

The law requires a written listing agreement – whether agency or transaction brokerage – before a property may be listed for sale. Just like buyer agreements, the listing agreement must contain information about the brokerage's compensation.

Referral Agreements Required

Referral agreements are now required by law to be in writing. AAR provides a Referral Agreement, Form 1.6, but you may use a different form if preferred.

Alabama REALTORS® members can receive assistance on HB 230 by contacting the Legal Line on our website.